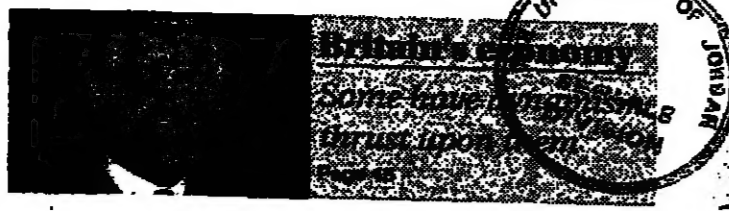


April 27 1993
Milan



Tugboat Deal
How the West treated
Africa shamefully
Page 14

Poacher turns gamekeeper
Zimbabwe saves its animals by
bringing a cliché to life
Page 12

Roger Altman
Clinton's Treasury man
puts on a brave face
Page 3

FINANCIAL TIMES

Europe's Business Newspaper

WEDNESDAY APRIL 28 1993

D8523A

Serb forces attack Moslems as tough UN sanctions start

Serb forces defied the international community by launching an attack in Moslem-held north-west Bosnia just as tough United Nations sanctions came into force against Belgrade. Fighting also erupted in other parts of former Yugoslavia, one day after Bosnian Serbs refused to accept an international peace plan signed by rival Moslems and Croats. Page 16; Bosnia conflict reports, Page 3

Rate cut urged: Pressure on Germany to help speed up European growth intensified when Michel Camdessus, International Monetary Fund managing director, said a "substantial decrease" in German interest rates was appropriate. Page 6; 67 to focus on global economy, Page 8

Merger move: The New York Mercantile Exchange proposed a \$10m merger with New York's Commodity Exchange, in a move that would create the world's fourth largest futures and options market. Page 28

Blow for Patten: Election victories by pro-Beijing businessmen have left the board of the Hong Kong General Chamber of Commerce evenly split between supporters and opponents of Chris Patten, the colony's governor. Page 18

VW tries to calm nerves of suppliers
The top management of Volkswagen attempted to calm the nerves of component-makers rattled by the company's plans to slash costs and reduce outside suppliers. The meeting, attended by representatives of 29 companies, was intended to counter ill-feeling and fears stirred by the arrival at Europe's largest car maker of José Ignacio López (left), recently recruited from General Motors and installed as production and procurement director. Page 18

American Telephone and Telegraph, largest US telecommunications operator, is challenging British Telecom to agree to more than halve the "wholesale" price of transatlantic phone calls. Page 16

Anger over delay: Mexico's ruling Institutional Revolutionary Party provoked a storm by postponing elections for governor in the state of Yucatan from November this year to May 1995. Page 6

Mobil, big US energy group, reported a first quarter 1993 net profit of \$450m (\$1.19 a share), against a loss of \$315m last time, following accounting charges. Page 19

Space deal: The Russian space industry signed its first contract to launch a western satellite, worth \$36m, in what it hopes will be the first step into a lucrative western market. Page 5

Euro Disney, leisure group which this month celebrated the first birthday of the EuroDisneyland theme park near Paris, announced that it lost FF1.08bn (\$203m) in the first half of this year and was trying to secure new capital. Page 17

Shot down: The Angolan rebel movement, Unita, admitted that it shot down a UN relief aircraft near the eastern city of Luena on Monday.

ITT, US conglomerate, unveiled a 27 per cent rise in first quarter net income, reflecting sharply better performance at its finance, automotive and hotels businesses. Page 19

Closer ties: Four European airlines - Scandinavian Airlines System, KLM Royal Dutch Airlines, Swissair and Austrian Airlines - moved closer to integration by announcing plans to set up a jointly-owned company with a single management and balance sheet. Page 17

Northern Telecom, Canadian telecommunications equipment maker, is banking on higher capital spending by US telephone companies and continuing strong demand from the Far East and Latin America to reverse a 29 per cent slide in first-quarter earnings. Page 17

Hands-on approach: The ninth round of Middle East peace talks opened in Washington with the Clinton administration providing immediate evidence of its commitment to become directly involved in the negotiations. Page 4

Growth index rises: The two-year decline in the Japanese economy may be bottoming out, according to the official index which predicts economic activity six months ahead. Page 4

STOCK MARKET INDICES
FT-SE 100: 2832.7 (+10.4)
DAX: 2832.7 (+10.4)
Nikkei: 11488.8 (+3.73)
FTSE All-Share: 1385.92 (+0.38)
Nikkei: 20,288.71 (+583.08)
New York: 3397.83 (+1.54)
Dow Jones Ind Ave: 3397.83 (+1.54)
S&P Composite: 435.77 (+0.23)

US LUNCHTIME RATES
Federal Funds: 2.25%
3-mo T-bill: 2.50%
Long Bond: 10.2%
Yield: 6.88%

LONDON MONEY
3-mo Interbank: 6% (same)
Little long gilt: Jun 100% (104.18)

NORTH SEA OIL (Average)
Brent 15-day (June): \$18.85 (18.8)
Oil: \$18.85 (18.8)
New York: \$18.85 (18.8)
London: \$18.85 (18.8)

NEW YORK COMEX (June)
Gold: \$322.1 (323.8)
Silver: \$360.55 (351.5)
Copper: \$1.04 (1.04)

COMMODITIES
Austria: \$1.04 (1.04)
Belgium: \$1.04 (1.04)
Denmark: \$1.04 (1.04)
France: \$1.04 (1.04)
Germany: \$1.04 (1.04)
Greece: \$1.04 (1.04)
Hungary: \$1.04 (1.04)
India: \$1.04 (1.04)
Indonesia: \$1.04 (1.04)
Italy: \$1.04 (1.04)
Japan: \$1.04 (1.04)
Korea: \$1.04 (1.04)
Malaysia: \$1.04 (1.04)
Mexico: \$1.04 (1.04)
Morocco: \$1.04 (1.04)
Netherlands: \$1.04 (1.04)
New Zealand: \$1.04 (1.04)
Norway: \$1.04 (1.04)
Pakistan: \$1.04 (1.04)
Peru: \$1.04 (1.04)
Poland: \$1.04 (1.04)
Portugal: \$1.04 (1.04)
Russia: \$1.04 (1.04)
Saudi Arabia: \$1.04 (1.04)
Singapore: \$1.04 (1.04)
South Africa: \$1.04 (1.04)
Spain: \$1.04 (1.04)
Sweden: \$1.04 (1.04)
Switzerland: \$1.04 (1.04)
Taiwan: \$1.04 (1.04)
Thailand: \$1.04 (1.04)
Turkey: \$1.04 (1.04)
UAE: \$1.04 (1.04)
USA: \$1.04 (1.04)
UK: \$1.04 (1.04)
Yugoslavia: \$1.04 (1.04)

Government likely to try to approve credit controls tomorrow

Russia risks social and economic chaos without fast reform

By John Lloyd in Moscow

RUSSIA faces financial collapse and risks a social explosion if President Boris Yeltsin fails to put radical economic reforms into place immediately, western economists and Russian officials warned yesterday.

The dominant fear in Moscow is that between now and elections - which could be held this autumn - the pre-referendum practice of keeping voters happy by delaying harsh reform measures and issuing bondless credits to avoid bankruptcies would continue.

Mr Sergei Shakhrai, deputy prime minister for nationalities and an important aide to Mr Yeltsin, said that without decisive action, "the rouble will disappear by the autumn" as more people lose confidence in it.

Mr Sergei Vassiliev, head of the government's Centre for Economic Reform, said that there were "strong political imperatives now for delay in reforms. Mr Yeltsin should right now implement tough policies, but he won't." He

said the government was not in control and he expected "there could be hyperinflation by the autumn. People don't understand what hyperinflation means, and so we will have to live through one before we get stabilisation."

The government meets tomorrow and is likely to try to approve the economic measures, including a control on credits, delayed by the referendum campaign.

Mr Grigory Yavlinsky, a prominent economist and a candidate for the presidency, believes the government also represents "an enormous compromise with conservative forces, which means that it is no longer able to control inflation, but is simply a forum for the political struggle."

Since Mr Yeltsin has constructed a compromise cabinet to placate the centre ground, whose support he needs, he will not disturb the balance before new elections - though Mr Shakhrai said there will be a "reshuffle of posts" in the next few days.

Within this cabinet, the radical ministers best known to the west

are a small and embattled minority. Mr Boris Fyodorov, deputy prime minister in charge of finance, has claimed that of the 117 people of ministerial rank in the government, only four understood the market system: Mr Anatoly Chubais, deputy premier for privatisation; Mr Alexander Shokhin, deputy premier for foreign economic affairs; Mr Shakhrai and himself.

The latest Yeltsin appointment was Mr Oleg Lobov, an old ally of the president but deeply sceptical of radical reform. He is now first deputy prime minister in charge of the economy - vying with the other first deputy, Mr Vladimir Shumeiko and outranking Mr Fyodorov at the finance ministry.

This issue is expected to be the subject of heated debate at the cabinet meeting tomorrow.

Mr Vassiliev said even the radical ministers had not been able to get a strong grip on credit expansion. This would lead, he said, to the recent fall in inflation from 27 per cent a month in January to about 15 per cent last month being reversed. Independ-



Speaker Ruslan Khasbulatov, President Yeltsin's chief rival, has warned that parliament will ignore the referendum result

ent figures show there is likely to be a rise to 30 per cent or more this month and more in May, as raised pensions make an impact.

The fault, Mr Vassiliev said, lay not only with Mr Victor Gerashchenko, the central bank

chairman. Too many government ministers issued credits without reference to each other.

Nation divided by money, power and sentiment, Page 2

Editorial Comment, Page 15

Congress threat to end EBRD funding

By George Graham in Washington

THE US Congress is likely to refuse any further money for the European Bank for Reconstruction and Development as a result of the outcry over excessive spending on salaries, private aircraft and office fittings.

The Clinton administration has requested \$70m in its 1994 budget for the US's share of the EBRD's paid-up capital, but senior members of Congress warned yesterday that they would almost certainly refuse the request.

The US is the largest shareholder in the EBRD, which has a total of 56 shareholders. The US accounts for 10 per cent of the bank's capital.

Senator Patrick Leahy of Vermont, the Democratic chairman of the Senate committee that controls foreign aid spending, gave a warning that he planned to reduce the EBRD budget allocation to zero unless very substantial changes in the bank's management were made.

He said yesterday: "I will not vote for one cent of money from the US for the EBRD unless I see very, very substantial movements towards reform - not promises of reform. There will not be one cent in my proposal unless I see that, and frankly I don't think I am going to."

Mr Leahy delivered a scathing indictment of EBRD's spending and of its chairman, Mr Jacques Attali. "I want to know why we should entrust another dime of the public's money to Mr Attali," he said. "It's almost like this money that has gone in there is a slush fund for personal use."

Republican members are likely to follow the Democrats on the EBRD. Senator Mitch McConnell of Kentucky, Mr Leahy's Republican counterpart on the foreign operations spending committee, said: "Short of immediate changes in the policies and practices of the EBRD, I - like the chairman - cannot support the administration's request for \$70m."

Mr Lloyd Bentsen, treasury secretary, said he shared Congress's concerns about EBRD, calling its spending "absolutely unacceptable". He defended the

EBRD's main task, Page 2

Continued on Page 16

Editorial comment, Page 15

Fed moves to prop up value of the dollar

By James Blitz in London and George Graham in Washington

THE US Federal Reserve intervened on the foreign exchange markets yesterday, buying dollars for yen, in the clearest indication yet that the Clinton administration is concerned about the recent appreciation of the Japanese currency.

The Fed intervened in support of the dollar against the yen for the first time this year after the US currency hit another all-time low of ¥109.15 in New York.

Dealers said there were four rounds of dollar-buying by the Federal Reserve in New York at levels between ¥109.50 and ¥110.50. The intervention took currency dealers by surprise, pushing the dollar up to a London close of ¥111.2.

There was no detailed explanation for the intervention from US officials. However, Mr Lloyd Bentsen, treasury secretary, told a Senate subcommittee hearing yesterday that excessive volatility in exchange rates could be counter-productive.

The US intervention also followed accusations by Japanese officials that the Clinton administration had been attempting to talk up the yen in an effort to reduce Japan's trade surplus with the US.

Mr Bentsen said: "I think there have been some misconceptions about US exchange rate policy. I want to underscore the administration's belief that exchange rates should reflect fundamentals."

Mr Bentsen was also reported as saying that there would be a communiqué on exchange rates after tomorrow's meeting of finance ministers of the Group of Seven leading industrial nations.

Foreign exchange analysts interpreted yesterday's move by the Fed as significant both for the yen/dollar rate and future US policy on the trade surplus.

Mr Mark Brett, an economist at Barclays de Zoete Wedd in London, said the Clinton administration might now be thinking that a continuing depreciation of the dollar would have only a limited impact on the trade surplus.

Currencies, Page 36

Political veteran accuses magistrates of conspiracy as Senate lifts immunity

By Robert Graham in Rome and Haig Simonian in Milan

AN ITALIAN Senate commission yesterday agreed to waive the parliamentary immunity of Mr Giulio Andreotti, seven times Christian Democrat prime minister, bringing him one step closer to being investigated by Palermo magistrates for alleged collusion with the Sicilian mafia.

It is the first time the commission has agreed to waive the immunity of such a prominent politician in a case of alleged links between the world of politics and organised crime.

Mr Andreotti, aged 74, has been in public office since the founding of the republic and is seen

in Italy as the symbol of the political establishment long controlled by the Christian Democrats.

Yesterday he issued an angry statement repeating his view that the investigation by Palermo magistrates was a conspiracy to denigrate him. He added: "I have absolutely no fear of the truth and will vigorously use every means to unmask these incredible machinations."

The 215-strong Senate, of which Mr Andreotti is a life member, must conduct a secret ballot to validate the decision.

Yesterday, the voting of the 22-member commission was split according to political loyalty. The eight Christian Democrat mem-

bers abstained, backed by two Socialists and the president of the commission, while one Liberal voted against him losing his immunity.

Mr Andreotti revealed on March 27 that he had been notified by Palermo magistrates they wished to investigate him for alleged links with the mafia. The Senate commission has been hearing the case since April 14, and has four times been sent extra documentation from Palermo.

The thrust of the Palermo magistrates' case is that Mr Andreotti has acted as the point of reference for the Sicilian mafia, Cosa Nostra, in Rome, especially to influence the course of court

cases against senior mafia members. The evidence is based extensively on testimony of former mafia members co-operating with the authorities.

Mr Gabriele Cagliari, the former chairman of Italy's publicly-owned Eni energy and chemicals group, yesterday admitted to having paid L28bn (\$17m) in illegal contributions to the Christian Democrat and Socialist parties.

Mr Cagliari said the system of illegal funding preceded his tenure as chairman, which began in 1989, but admitted he had not sought to stop the payments.

Earlier this month, Mr Franco

Continued on Page 16

Editorial comment, Page 15

Hoechst profits fall 28% in quarter as demand weakens

By Christopher Parkes in Frankfurt

THE ACCELERATING fall in demand in western Europe, especially in Germany, cut profits at Hoechst by 28 per cent in the first three months of this year, Germany's biggest chemicals company reported yesterday.

Hoechst said in an interim report that pre-tax earnings had fallen to DM436m (\$278m), compared with DM605m, on sales 5 per cent lower at DM11bn.

Profits at the parent company tumbled 35 per cent to DM219m, and turnover fell 13 per cent to DM3.7bn during the quarter under review. Group pre-tax earnings for the whole of 1992 fell 18 per cent.

There was still no sign of an upturn in Europe, with half group turnover, although business had picked up slightly in north America in spite of pronounced weakness in pharmaceutical sales. Retailers, the report said, had stocked up at the end of last year to beat price increases.

The group's drugs and health care business, which yields almost a quarter of total turnover, had also suffered from the effects of health care reforms in Germany, Mr Wolfgang Hilger,

chairman, told the annual meeting yesterday.

According to the interim report, domestic drug sales were 10 per cent lower in the period under review, although total turnover from health care was down less than 2 per cent at DM2.6bn.

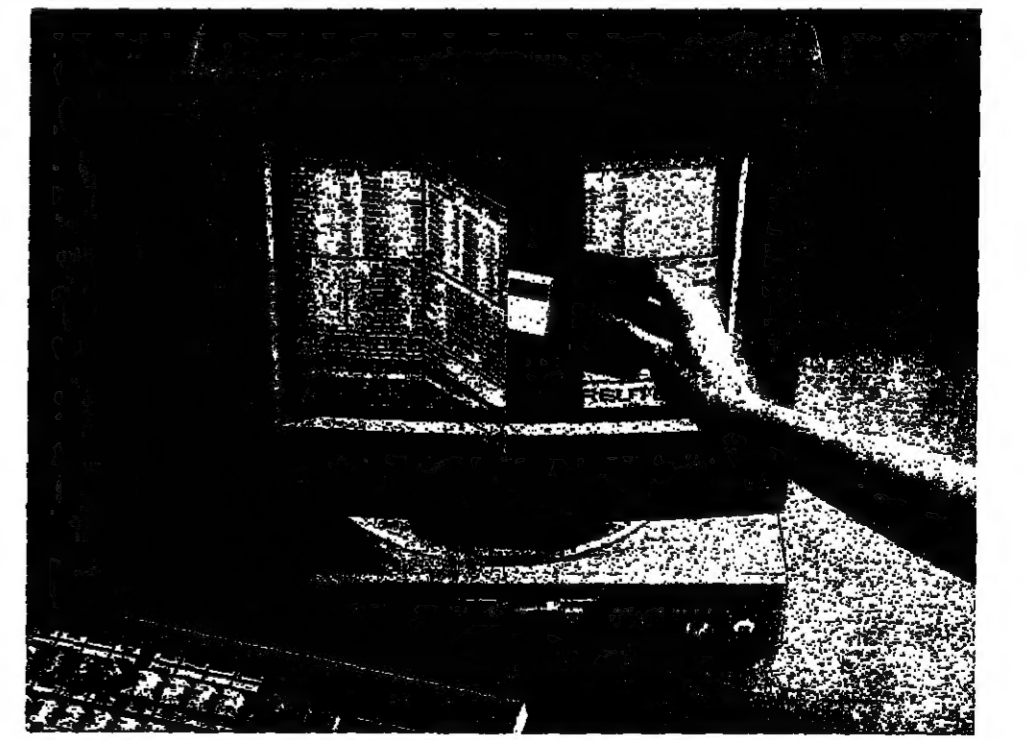
The biggest single drop in sales - 12 per cent - was recorded in the polymers business, within which bulk plastics suffered a fall of 20 per cent.

Mr Hilger attributed the 5 per cent fall in group sales to a 3 per cent reduction in prices, while the effects of exchange rate changes had cost the group a further 1 per cent.

Mr Hilger said systems, technical facilities or shortages of personnel were not to blame for the recent series of 15 accidents, in one of which a man was killed.

He blamed "fate" for the "statistical frequency", and pointed out that the last accidental death in the German parent's plant occurred 15 years ago.

The explosion that started the series was unprecedented in the company's 130-year history, he said. "On a statistical basis, a job in our factories is considerably safer than one in retailing," he said.



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Clinton keeps the Balkans guessing

Jurek Martin reports on the debate in Washington on what a 'stronger' Balkans policy should mean



ON GUARD: A Bosnian Serb soldier on duty at a Serbian television relay station yesterday, some 12km east of the Moslem town of Tuzla. The site has come under frequent Moslem attack

PRESIDENT Bill Clinton can choose his words with great care. One adjective he has used more than once when publicly discussing his options in Bosnia is "humble", both in contemplating the enormity of any form of US intervention and the intractability of the Balkan problem.

This sense of humility extends beyond the Oval Office to many of those contributing to the public debate on Bosnia. For though there is a vocal US lobby for a maximalist US role, there are also plenty of voices advising caution. Both camps accept that there are no easy options.

Caught squarely in the confused middle is the American public, intermittently bombarded with graphic media coverage but not consistently so. Last week, for example, the bloody end of the siege in Waco pushed Bosnia down the newscasts.

The latest Newsweek poll split evenly - 47 per cent to 47 per cent - in response to the question of whether Bosnia was America's problem. A CNN/Gallup survey found a 52-30 per cent opposition to air strikes. It is worth noting that Mr Clinton pays very careful attention to public opinion.

Divisions on the Bosnian options apply to Capitol Hill, where two Democrats influential in foreign affairs take diametrically opposed views. Congressman Lee Hamilton of Indiana, chairman of the House foreign affairs committee, argues that Bosnia is not a vital US interest, believes in continuing with sanctions and diplomatic pressure.

But Senator Joseph Biden of Delaware, chairman of the European sub-committee of the foreign relations committee and just back from Bosnia, has put out an eight-point plan including immediate western air strikes and the lifting of the UN arms embargo against Bosnia itself.

Senator Bob Dole, the Republican leader, has also come out guardedly in favour of air strikes.

Inside the administration, similar divisions apply. Mrs Madeleine Albright, the UN ambassador, has advocated air strikes, allowable, she says, without further UN approval. The 12 regional desk officers at the State Department endorse this approach. Mr Les Aspin, the secretary of defence, and Mr Anthony Lake, the national security adviser, are thought to favour limited offensive action. But Mr Warren Christo-

pher, the secretary of state, is thought to favour caution, as does General Colin Powell, chairman of the joint chiefs of staff.

Mr Clinton, who has problems with his own military on several fronts, acknowledged at his press conference last week the legitimacy of General Powell's view that "we must have a clearly defined objective that must be met".

In the media, the heavy-weight pundits of the New York Times - Les Gelb, Anthony Lewis and A M Rosenfeld - have thundered behind the cause of US action.

But the Boston Globe at the weekend advised against unilateral bombing. Richard Cohen, the Washington Post columnist, wrote yesterday that the public debate was still mostly among "engaged Op Ed writers" and that no popular mandate existed behind intervention.

Also weighing in behind intervention have been Mr Elie Wiesel, addressing Mr Clinton directly at last week's opening in Washington of the Holocaust museum, and, yesterday, Mr George Shultz, secretary of state in the Reagan administration, who called for "very large, sustained air and sea

based attack" on positions inside Serbia itself.

Amid this confusing welter of external and internal advice, with western Europe, after its latest foreign ministerial meeting, incapable of doing other than wait on the US initiative, and with still some uncertainty about the Russian reaction even after Sunday's referendum victory for President Boris Yeltsin, Mr Clinton has promised "a stronger policy" by the US and its allies "within a few days".

The New York Times, quoting an unidentified senior official, reported yesterday that the most likely US action would involve a programme of limited bombing of Bosnian Serb installations, designed to produce a ceasefire and a new round of negotiations. But it said that lifting the arms embargo was still under active consideration as an alternative to air strikes.

This would be preceded by further consultation with US allies and at the UN, perhaps including a European trip by Mr Christopher or another senior official, more White House meetings, and extensive consultation with Congress. The task of preparing America for what comes next has barely begun.

Yeltsin warns Serbs over peace process

RUSSIAN President Boris Yeltsin warned Bosnian Serbs yesterday they could expect no protection from Russia if they continued to defy an international peace plan for the fragmented former Yugoslav republic. Reuters reports from Moscow.

But a Russian foreign ministry spokesman said the use of force by an international military contingent could deepen the conflict and spread it beyond former Yugoslavia's boundaries.

Mr Yeltsin described a plan drafted by mediators Lord Owen and Mr Cyrus Vance and rejected on Monday by the Bosnian Serbs as the only prospect for peace in the region. The plan proposes dividing Bosnia into 10 provinces on ethnic lines. "The time has come for decisive measures to quell the conflict," he said. Mr Yeltsin's statement suggested a more confident Kremlin approach to the former Yugoslavia following the president's victory over hardliners in Sunday's Russian referendum.

He won 58 per cent support in the plebiscite, which the president hopes will allow him to break the power of a parliament heavily coloured by nationalist thinking. Nationalist opponents of the president regard his support of international sanctions against Serbia, including the despatch of troops under the United Nations flag, as a betrayal of cultural and ethnic links with Slav Serbs.

Mr Yeltsin dispelled any possibility of Moscow breaking ranks with the west on former Yugoslavia as long as he was president. The west had long feared the Kremlin could back down on a joint front that had been a litmus test of the post-cold war order.

"The Russian Federation will not protect those who resist the will of the world community," Mr Yeltsin said, dashing any remaining Serb hopes of help from Moscow.

The Russian president, despite his reference to "decisive measures", did not make it clear whether Russia would back the use of force against the Bosnian Serbs if economic sanctions failed to make them pull back.

Greek exporters fear heavy losses

By Karin Hope in Athens

NORTHERN Greek exporters claimed yesterday they will face heavy losses as a result of losing access to transit routes through Serbia with the tightening of United Nations sanctions.

The government said Greece intended to seek compensation from both the UN and the EC for sanctions-related losses.

At present, about 40 per cent of exports from northern Greece to the European Community, the country's main trading partner, are carried by truck through Macedonia and southern Serbia, then through Hungary and the Czech republic, an official from the Exporters' Association of Northern Greece said.

Trucks will now have to fol-

low a longer route to Hungary through Bulgaria and Romania, taking 24 hours longer and adding up to 20 per cent to freight costs, the official said.

Moreover, imports of raw materials for northern Greek industry, will also be affected. About 1,600 trucks used to arrive every week in Thessalonika, the region's industrial centre, after transiting through Serbia.

Although some exporters started shipping goods by ferry from western Greece to Italy after conflict broke out in the former Yugoslavia in mid-1991, more than 20,000 Greek trucks used the route through Serbia last year.

The ferry route is mainly used by exporters based in southern Greece.

Dutch bank head wants sharp cut in budget deficit

By Ronald van de Krol in Amsterdam

THE Dutch central bank has called for the country's budget deficit to be cut to well below 3 per cent of gross domestic product, one of the main convergence criteria for creation of European monetary union later this decade.

Mr Wim Duisenberg, central bank president, said the Dutch budget deficit should be kept below this European ceiling "by a considerable margin", partly to help accelerate reduction of public debt.

In 1992, the Dutch budget deficit was equivalent to roughly 3.8 per cent of GDP, while public debt stood at 80 per cent of GDP, well above the Ecu target of 60 per cent.

Speaking at the presentation of the bank's annual report, Mr Duisenberg said the government formed after next year's general election should aim to make a "substantial further reduction" in the deficit during its four-year term in office.

He noted that the Dutch government had so far managed to

reduce the budget deficit in line with its annual targets, though this was sometimes achieved by raising taxes and social security premiums rather than cutting spending. "However, it is with concern that the bank notes that in our country, too, discipline is in danger of slackening," he said.

Last week in Basel, Mr Duisenberg, who is chairman of the committee of European Community central bank governors, warned of the dangers of a widespread "structural deterioration" in state finances around Europe.

In its report, the Dutch bank cites population ageing as a reason why the Netherlands should try to cut the deficit below the Ecu ceiling and so gain control over interest payments on the national debt, which now absorb 6 per cent of GDP. "Through lower interest payments, deficit reduction to a level significantly below 3 per cent of GDP would provide some leeway to cope with this pressure on expenditure which will inevitably have to be faced in the future," it said.



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Japan shows a flicker of revival

By Charles Leadbeater
in Tokyo

THE TWO-YEAR decline in the Japanese economy may be bottoming out, according to the official index which predicts economic activity six months ahead.

The official index of leading economic indicators, published yesterday, rose to 80 per cent in February. It was the second month in a row in which the index was above the 50 per cent level which marks the line between continued decline and renewed growth.

However, a clutch of other statistics, including a survey revealing sharp falls in consumer confidence in the first three months of the year, suggest the economy remains in a fragile state without strong signs of recovery.

The surge in the index of leading indicators was mainly due to low commodity prices, modest increases in the money supply, higher machinery orders, a sustained rise in housing starts and an improved outlook for manufacturing industry's profits.

The leading index is a gauge of economic conditions six months ahead. The coincident index which measures current economic conditions rose to 96.7 per cent in February, the first time it has stood above 90 per cent for two years.

The Economic Planning Agency, which published the indices, warned it was too early to say the economy was about to recover. The surge in February came before the recent sharp appreciation of the yen, which may have damaged business confidence. It

may also reflect only a temporary pick-up in business activity before the end of the last financial year on March 31.

Other figures published by the EPA suggest there is little prospect the economy will recover strongly or quickly.

Consumer confidence fell again in the first three months, by 1.3 per cent to 38.3 per cent. The fall was mainly due to a sharp deterioration in the employment outlook as companies cut staff. The employment outlook index fell by 14.4 per cent to 23.7 per cent.

A Ministry of International Trade and Industry survey of large retailers found that retail sales last month were 7.5 per cent down in the year before, the 10th consecutive monthly decline and the largest fall since the ministry began the survey in 1971.

Hotel occupancy rates in Tokyo were down 7 per cent last month on a year ago, while a survey of 100 top restaurants reported the lowest increase in sales, 2.3 per cent, since 1975.

The Ministry of Labour designated a further 19 industries as eligible for labour subsidies to help them through restructuring, while they reduce workforces. About 138 industries, with about 3.67m workers, are now eligible for the subsidies, which help to cover wages while workers are laid off or undergoing retraining.

Among the 19 sectors newly designated are the car and computer industries. The seriousness of the downturn was underlined by the first-ever subsidies given to the motor and computer industries to cover restructuring.

'Retire at 35' as workers lose jobs

By Michio Nakamoto in Tokyo

THE ECONOMIC slowdown in Japan, where many employers promise their workers jobs for life, is leading many companies to restructure, with two groups yesterday announcing voluntary redundancy programmes.

Japan Air Lines said it was opening its early retirement programme, which it had offered to employees over 45, to employees between the ages of 35 and 44.

Those who apply for early retirement will be awarded a 50 per cent increase in their retirement pay. The airline hopes to enlist 150 volunteers by the end of July.

"We have no intention of changing our basic policy of lifetime employment," a JAL representative said.

The airline is also offering a one-year leave of absence to managers over 50 to encourage them to consider a second career outside JAL. Managers who make use of the programme will be paid in full and are under no obligation to leave the company, the airline said.

JAL is suffering from a sharp downturn in business, with a fall-off in first-class air travel and intense price competition on international routes.

The company is expected to have made a ¥50bn (£394m) pre-tax loss for the year to March, the worst result it has

reported, and has signalled its intention to restructure its operations.

It has postponed the recruitment of stewardesses this April and announced that it will not recruit administrative staff and stewardesses next year.

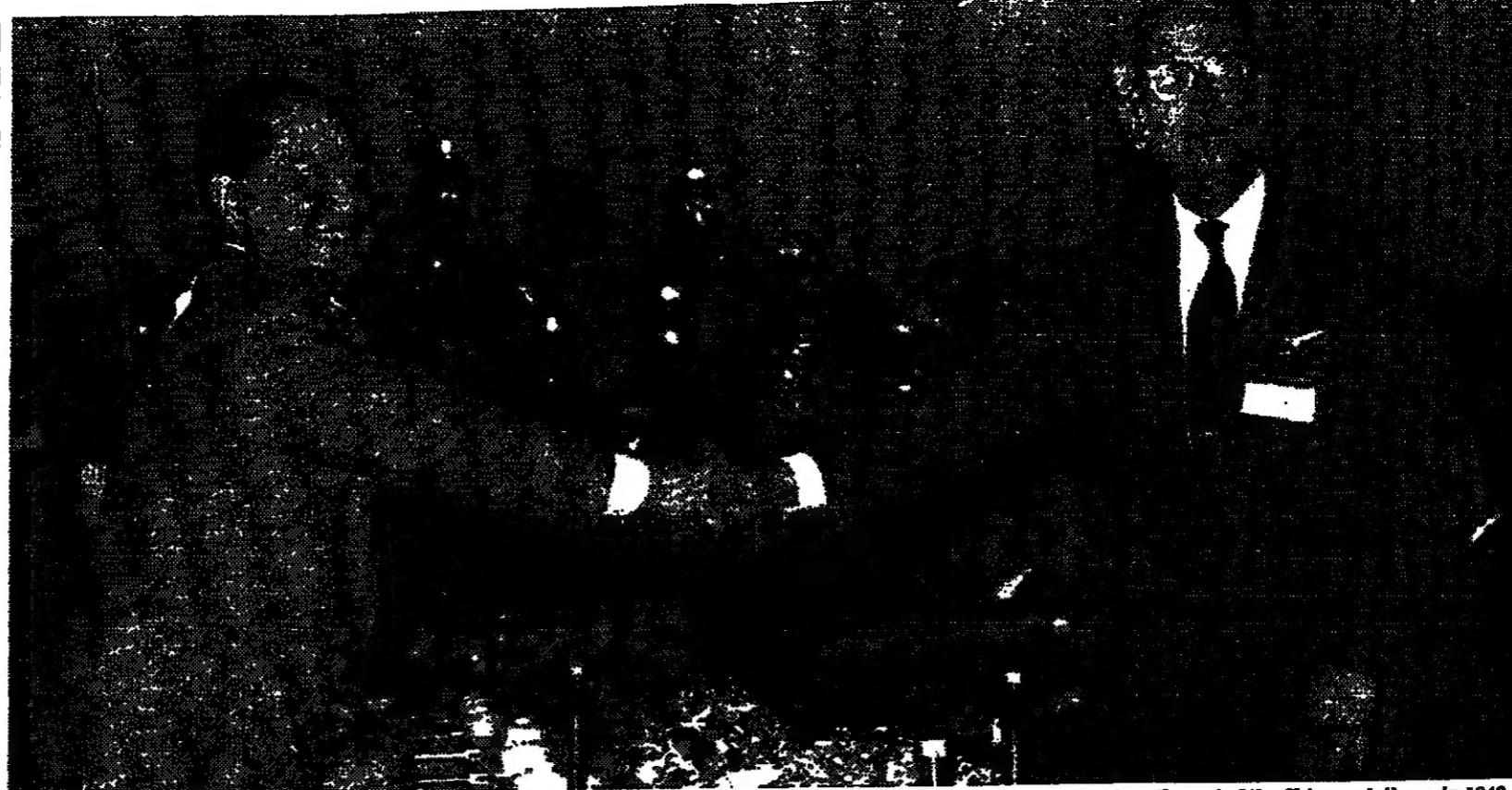
Meanwhile Alps Electric, the electrical parts manufacturer, and its subsidiary, Tohoku Alps, are looking to cut their workforce by 12 per cent, or 1,300 employees, through a voluntary redundancy programme announced yesterday.

All employees with a year or more of service are eligible for 'retirement'.

Alps is closing three factories in northern Japan and reducing new recruits next year to 100 from a previous 400. Production at the factories, where Alps manufactures volume controls and switches, will be transferred to nearby plants and a facility in South Korea.

Alps also plans to start production through a joint venture in China soon. The company has been hit by a sharp fall in the electrical appliance and motor industries which it supplies and expects to see pre-tax profits fall by about 70 per cent in the year to March to ¥2.1bn.

It said it had seen an increase in orders since last year but the recent strong rise of the yen had led to a drop in orders.



China's Wang Daohan (left) greets Taiwan's Koo Chen Fu yesterday at the highest level meeting between the two countries since the end of the Chinese civil war in 1949

China and Taiwan take steps to end enmity

By Kieran Cooke in Singapore

CHINA and Taiwan exchanged handshakes, pleasantries and a few barbed criticisms of each other as they met in Singapore for the highest-level contact between the two in more than 40 years of enmity.

"We have made good progress and look for better things to come," said Mr Wang Daohan, leader of the Beijing delegation.

The talks, which conclude today, are described as unofficial, but it is clear that both Beijing and Taipei see this meeting as an important step towards improving relations across the Taiwan straits.

The two sides have apparently agreed to open a formal channel of communication - the first such move since the foundation of the People's Republic of China in 1949 and the removal of the

Kuomintang forces of Generalissimo Chiang Kai Chek to Taiwan. Mr Wang said discussions on economic issues would be held soon.

There was also agreement on fishing disputes and on fighting piracy in the region. But suspicion and mutual distrust was evident. Mr Koo Chen Fu, leader of Taiwan's delegation, said the Beijing side had tried to raise the question of opening direct trade, shipping

and air links with Taiwan. Taiwan is against any such direct links until China recognises Taiwan.

Taiwan is also frustrated by what it sees as China's refusal to offer any legal framework for the protection of large-scale Taiwanese investments made recently in the mainland.

Meanwhile the Taiwan opposition protested that Taiwan's negotiators were "selling out" the island's interests.

Israel announces plan to reorganise bank system

By Judith Maltz in Jerusalem

THE ISRAELI finance ministry and central bank yesterday unveiled a comprehensive reorganisation of the country's banking system. The reforms are designed to increase competition among banks, decrease their holdings in non-financial companies and reduce their role in the capital markets.

Under the programme, to be presented to the cabinet for approval on Sunday, the banks will not be allowed to hold more than 35 per cent of the shares in non-financial companies, and their total investment in non-banking assets will be limited to 25 per cent of their capital.

This proposal will force Israel's two largest banks - Hapoalim and Leumi - to sell off a significant share of their non-banking holdings. Hapoalim holds 40 per cent of Clal, one of Israel's largest holding companies, which has interests in electronics, textiles, trade and property.

Mr Amiram Sivan, managing director of Hapoalim, said the reorganisation plan would severely damage the international standing of Israel's banking system.

To increase competition among the banks, the three largest banking groups will also be forced to sell off some of their smaller banks. Under this proposal, Leumi will have to sell Bank Igud, Hapoalim will be forced to sell Bank Otzar Hahayal, and Israel Discount Bank will have to sell Barclays.

The three largest banks control more than 80 per cent of the banking activity in Israel. "In my view, these decisions are right and necessary for the good of the economy," said Mr Avraham Shohat, finance minister. "On the one hand, they do not undermine the stability of the banking system, and on the other hand, they will lead to more competition and prevent conflicts of interest within the system."

The government in effect

became the owner of the banks in 1983 when it bailed out the four largest banks, to the tune of \$7bn (£4.4bn), following a share manipulation scandal. Under an agreement, due to expire this October, the banks continued to be run by their original owners and were never formally nationalised.

As part of the reorganisation programme, an accord will be put into effect in October under which shares in the banks will be transferred to public trusts which will elect directors in each bank and be in charge of policy until the banks are sold within the next three years.

The reorganisation is meant to pave the way for a public offering of 20 per cent of the shares in Hapoalim - the first of the big banks to be sold - at the end of May. An earlier plan to sell the shares was torpedoed three months ago by parliament, which demanded the government present it first with a concrete plan for structural changes in the banks.

Mideast peace talks reopen

By Roger Matthews in Washington

THE NINTH round of Middle East peace talks opened in Washington yesterday with the Clinton administration providing immediate evidence of its commitment to become directly involved in the negotiations.

Mr Warren Christopher, US secretary of state, called the heads of the five delegations, representing Syria, Israel, Lebanon, Jordan and the Palestinians, to a meeting last night, the first such gathering since the process was launched in Madrid in October 1991.

"The negotiations must be seen to work," he told a US Senate sub-committee yesterday. "A new sense of urgency and intensity in the talks must be evident."

Mr Christopher's initiative was recognition of the frailty of the peace process, suspended for over four months because of Israel's decision to deport more than 400 Palestinians from the West Bank and Gaza. The Palestin-

ian delegation returned to Washington only after bitter debate, and will be under intense pressure to withdraw if progress is not made in the next few weeks.

Much of the occupied West Bank and Gaza Strip was paralysed by a strike yesterday called by Hamas and other radical groups to protest at the resumption of talks. Anger in the occupied territories has been heightened by Israel's decision nearly a month ago to seal off the areas, barring nearly 120,000 Palestinian workers from their jobs. The government yesterday eased the ban, allowing back 20,000 employed mainly in construction and agriculture.

Israel is also expected to announce shortly the names of more than 30 Palestinians, deported some years ago, who will now be allowed home. While these gestures may ease tension in the territories, the Palestinian delegation will need to show substantial progress towards self-rule if it is to check increasing radicalisation of the West Bank and Gaza.

Eritrea sees 99% independence vote

ERITREANS have voted almost unanimously for independence from Ethiopia in a referendum won after 30 years of civil war, Reuters reports from Asmara.

Provisional results of the United Nations-monitored poll showed more than 99 per cent of votes were in favour of independence for what has been Ethiopia's Red Sea province. Mr Amare Tekle, head of the Eritrean referendum commission, said 1.1m voted Yes and only 1,222 voted No. More than 98 per cent of registered voters participated in the ballot.

UN observers said the three-day poll was "free and fair". A formal declaration of independence will be made on May 24 - the second anniversary of the defeat by Eritrean guerrillas of the army of President Mengistu Haile Mariam, the fallen Ethiopian dictator. Eritrea is a former Italian colony which joined with Ethiopia in 1992.

Yemenis enthuse over first election

YEMENI voters embraced their first general elections enthusiastically and largely peacefully yesterday, with officials in the capital Sanaa saying that more than 95 per cent of the country's 2.7m registered voters may have turned out to vote, write Mark Nicholson and Eric Watkins in Sanaa.

Armed troops were abundant at most polling stations, part of a deployment of 37,000 army, police, and one candidate was reported killed. Shooting, disturbances or irregularities were reported in at least six other constituencies. But in general, orderly lines of men - and, for the first time in any Arabian Peninsula election, women - voted calmly.

International observers said they had noted some irregularities. The Financial Times saw two occasions on which individuals managed to vote twice. The international observers are due to report their findings tomorrow.

Afrikaners bury standard-bearer of apartheid

By Patti Waldmeir in Pretoria

YESTERDAY in Pretoria, the white Afrikaner capital, the white tribe gathered to bury one of the last standard-bearers of apartheid, Mr Andries Treurnicht, academic and theologian, right-wing politician and champion of Afrikanerdom.

It was a subdued gathering, a manifestation of the confused and depressed state of Afrikaners, many of whom still cling to the teachings of the generation of Afrikaner churchmen epitomised by Mr Treurnicht, who died of heart failure last Thursday aged 73: that the Bible ordains apartheid, and that to violate it is to go against the will of God.

In the Dutch Reformed Church and in nearby Church Square, perched on folding chairs around the statue of Afrikanerdom's greatest hero, Paul Kruger, president of the 19th century Boer republic of the Transvaal, some 3,000 prayed for their departed leader.

But their bowed heads seemed to symbolise more than religious devotion: there was only the sense that old certainties were being buried, while no new certainties had emerged to take their place.

"He was the one that could save the Afrikaner," said a bearded man ruefully, as he walked in sombre procession to the grave, in a cemetery where Mr Treurnicht's mentor, Hendrik Verwoerd, architect of apartheid, is also buried.

"We have got the muscles, we have got the beller, and we have got the Bible - that's the most important thing," said another mourner, carrying the

four-colour flag of the old Transvaal republic. For him, the God of Abraham had decreed racial mixing a sin, whatever has been done by the "new" Afrikaners of Mr F W de Klerk's government to cleanse the statute book of racial discrimination. For these mourners were honouring a man whose ideology was intellectually powerful, although hideously flawed: the last of a generation of devout conservatives who embraced apartheid as a religion.

They are left with leaders of a wholly different type: fanatics like Mr Clive Derby-Lewis, senior official of Mr Treurnicht's Conservative Party, who is expected soon to be charged in connection with the murder of black activist Mr Chris Hani; and Mr Eugene Terre'blanche, leader of the paramilitary Afrikaner Weerstandsbeweging (Afrikaner Resistance Movement).

Dressed in the 1960s fashions which still predominate in Pretoria, with beehive hairdos and spiky heels, the matrons of Afrikanerdom standing beside husbands sang the anthem of the white tribe of Africa: Die Stem (The call).

But it was a flat performance, with nothing like the passion and anger which suffused the funeral anthem sung at the graveside of Mr Hani: Go Well, Umkhonto, militant hymn to a fallen warrior.

Next to 100,000 black mourners filled with righteous fury, the scant 3,000 baffled souls who mourned Mr Treurnicht yesterday seemed only pitiful: they knew they have lost the battle, but have yet to come to terms with the peace.

S Korean president targets military corruption

By John Burton in Seoul

SOUTH KOREAN President Kim Young-sam has declared war on military corruption in the boldest move yet of his political reform programme.

The investigation of the military establishment represents a direct challenge to the men who ruled South Korea for 32 years until Mr Kim became president in February.

The government is investigating allegations that military promotions and weapons procurement were heavily influenced by bribery during the administration of President Roh Tae-woo, Mr Kim's predecessor.

A former chief of naval operations and a former marine corps commandant were charged yesterday with taking kickbacks on promotions between 1989 and 1991, while a former air force chief of staff, General Chung Yung-hoo, is under investigation for similar charges.

Meanwhile, General Chung has alleged that corruption was involved in the government's sudden decision in 1991 to switch the selection of the country's next-generation fighter aircraft from the McDonnell Douglas F-16 to the F-16 of General Dynamics.

McDonnell Douglas was initially awarded the contract in 1989 for the \$5bn (£3.14bn) Korean Fighter Programme, but the government later cited budget problems in reversing the decision, explaining the F-16 was cheaper.

The government audit agency yesterday began probing procurement in the past decade, including purchase of the F-16 and submarines, tanks and other equipment.

The probes into the military, however, are fraught with peril. They threaten to weaken further the already sensitive relationship between Mr Kim and the military when security tensions are rising due to North Korea's suspected development of a nuclear weapon.

The new president last month replaced the top military echelon, including the army chief of staff, in a bid to strengthen civilian control over the armed forces.

The government has also cracked down on secret organisations among the officer corps that once wielded considerable political power, most prominent of which was the Hanahoe (One Mind) society, whose members included the two previous presidents.

Mr Kim's actions threaten to demoralise the armed forces and raises the possibility that they may oppose him.

"Military opposition to President Kim could occur if it thinks its vital interests are threatened, such as a major reduction in defence spending, or if relations between North and South Korea deteriorate dramatically," said Mr Ahn Chung-si, political science professor at Seoul National University. Officers could join "old guard" politicians and bureaucrats also threatened by the anti-corruption campaign, to try to stop the reform process, said Mr Ahn.

Ramos accused

A FORMER Philippine cabinet minister facing corruption charges alleged yesterday that President Fidel Ramos was linked to the purchase of 65 Japanese fire engines at inflated prices, Reuters reports from Manila.

Mr Luis Santos, the local government secretary of former President Corason Aquino, was charged last Thursday along with six others with buying overpriced firefighting vehicles from a Japanese company.

Mr Santos said in a radio interview that Mr Ramos, then defence chief, was responsible for the decision to buy the trucks.

"The one involved was the former defence secretary. I was not involved in that. I even tried to block payment for that transaction but I resigned before I could do so," Mr Santos said.

Prosecutors said the fire engines were bought in 1991 from Japan's Taihei after the Korean company Sangyong was originally awarded the contract by the bidding committee because of its lower bid.

Mr Santos, who was in charge of the police force, approved the purchase order, they added.

The overpayment amounted to 41.7m pesos (£1m).

Sharif emboldened by street support

Dismissed Pakistani PM is in uncharacteristic fighting mood, writes Farhan Bokhari

NAWAZ Sharif is in fighting mood. For Pakistan's former prime minister, widely regarded as something of a reticent man with an awkward manner, that is a change.

What helps is that Mr Sharif is convinced that a growing number of people, especially businessmen, oppose the dismissal of his government by President Ghulam Ishaq Khan on charges of corruption ten days ago.

Mr Sharif's drive to regain power comes as Pakistan's week-old interim administration, which has promised to hold national elections on July 14, is showing signs of rifts between its key members.

Public support for Mr Sharif first became evident during his train journey from Islamabad to his home city of Lahore last week. Showered with rose petals during stopovers, he promised to fight back.

"Only one man [the president] is playing with the des-

tiny of this nation," said Mr Sharif. "My jihad (holy campaign) is for the future of Pakistan. I am certain that the decision on July 14 will be in my favour."

He later visited Karachi, Pakistan's business city and capital of Sindh province, home to his political foe, Pakistan People's Party leader Ms Benazir Bhutto. Police used batons to fight back a crowd which swelled to thousands.

Now Mr Sharif is expected to travel to the North Western Frontier and Baluchistan provinces to try to establish himself as a national leader.

The business community is seen as vital to Mr Sharif's campaign. During his 29 months in office, Mr Sharif's government initiated wide ranging economic reforms aimed at unshackling the economy from the hold of the bureaucracy.

Although the interim government has insisted it will not reverse any of those measures

and promised that Pakistan will honour all its domestic and international contracts, nervousness continues.

Pakistan's leading stock market, the Karachi Stock Exchange, lost 37 points, or roughly 3 per cent of its value the day after Mr Sharif's fall, the steepest drop on a single day this year. Since then, two government supported financial institutions have bought shares to prevent further falls. The index has recovered about 1 per cent since then.

Mr Naeem-ul-haq, a director at the Karachi-based Schon group which bought 3 of the 56 public sector companies sold by Mr Sharif's government, says: "Nawaz Sharif's downfall has shattered business confidence. I have yet to meet one businessman who feels positive about this change."

Another leading businessman says planned new investments have been put on hold

"until it becomes clear that signs of uncertainty have ended".

"More statements of reassurances from the new government will not do the job," he says.

The uncertainty has been further intensified by differences within the new government. Ms Bhutto wants the dissolution of the four provincial assemblies so that national and provincial elections are held simultaneously.

But her call is being resisted by the president and the interim prime minister, Mr Balakh Sher Mazari. One of Ms Bhutto's aides says: "The option of [Bhutto supporters] leaving the new government is very much alive if four demands are not met".

The president's resistance to dissolving the provincial assemblies appears to be because he is due for re-election this November. According to senior officials, Mr Khan could rely for support in the



Sharif: support from business

presidential election on three of the four existing provincial governments.

It is difficult to assess the likely outcome of the emerging rivalries between the different factions. What is clear is that Mr Sharif is taking his campaign to the streets with uncharacteristic boldness.

مكتبة التحصيل

S Korean president targets military corruption

Brittan urges US to avoid sanctions

By Lionel Barber in Brussels

SIR Leon Brittan, EC Commissioner for external economic relations, yesterday urged the US to avoid imposing sanctions in the partially resolved dispute over government procurement rules.

Sir Leon told the EC committee of the American Chamber of Commerce in Brussels that sanctions would be "unjustified" despite the failure of the EC and US to resolve the Clinton administration's demands for access to the Community's telecommunications market.

In his speech, Sir Leon also called on US local authorities to end "Buy American" discrimination. He said European companies offered first-rate services, but they faced barriers in contracts ranging from the Potomac, the planned extension of Dulles International Airport, outside Washington DC, to the port of Los Angeles.

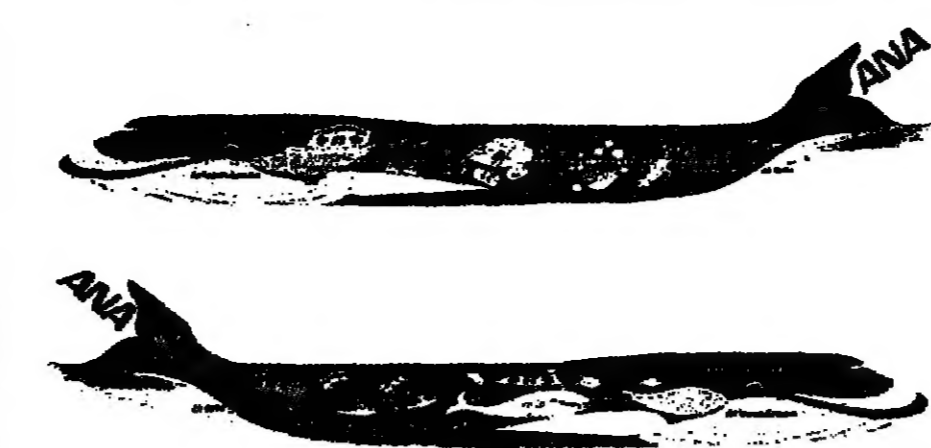
Recalling AT&T's plans to challenge BT and Mercury by offering private networks to international businesses in the

UK, Sir Leon said: "If AT&T wants to dig up Europe's side-walks, good luck. But why should Europe not bid to do the same in New York?"

A US decision on sanctions is believed imminent. EC officials are nervous about retaliation because Sir Leon has no "ceasefire" understanding with Mr Mickey Kantor, US trade representative. French-led pressure for a tough line on trade remains strong.

After last week's partial deal, Mr Kantor said US sanctions, which would have barred European companies from up to \$50m in telecommunications contracts, would be scaled down "commensurate with the portion" that telecoms represents in EC-US contracts. EC officials insist this means that the US will avoid action in telecoms, the prize the US covets most.

Sir Leon praised the agreement, saying it showed both sides could do business with each other, and that Washington was prepared at last to start dismantling 60 years of steadily increasing "Buy American" legislation.



IT'S a whale of a jumbo, as conceived by a 12-year-old Japanese schoolgirl. She has won a competition sponsored by All Nippon Airways (ANA), the country's largest airline, and her reward will be to see her design painted on one of its latest Boeing 747-400 jets, writes Paul Betts, Aerospace Correspondent. ANA saw its

domestic passenger numbers decline in the financial year just ended for the first time since 1985. It has also just cut its dividend. Two years ago, it asked its 14,000-strong workforce for ideas on how to improve competitiveness and attract more passengers. One favourite suggestion was to invite the public to draw

a new colour design for ANA's aircraft. So, the airline asked Japanese children up to the age of 15 to submit designs. The winner was chosen from more than 20,000 entries. The repainted jumbo will enter service in September to coincide with the opening of a new passenger terminal at Tokyo's Haneda airport.

Belfast-New York air link

By Daniel Green

THE UK has authorised a scheduled air service between Belfast and New York, the first for almost a decade.

London wants the granting of the licence to be seen by Mr Federico Peña, the US trans-

portation secretary, as a positive sign ahead of talks between the two countries over replacing their bilateral aviation agreement.

Mr John MacGregor, the UK transport secretary, said: "This is a special exception given outside the terms of the UK/US

aviation agreement."

The new service - by American Trans Air, a US charter specialist based in Indianapolis - starts in June with three flights a week.

The UK and the US have given themselves a year to negotiate a new agreement.

Dumping complaints rising rapidly

By Frances Williams in Geneva

COMPLAINTS to the General Agreement on Tariffs and Trade over allegedly unfair use of anti-dumping actions to protect domestic industry are rising rapidly, reflecting the growing use of anti-dumping rules to keep out unwanted imports.

Dumping is normally defined as the sale of goods in foreign markets below their domestic price or cost of production.

New GATT figures show that anti-dumping investigations by the 25 members of its Anti-dumping Code (the EC counting as one) rose to 237 in the year to end-June 1992, up from 175 in the previous 12 months. Australia (76) led the field, followed by the US (62), Mexico (26) and the EC (23). India (5) and Japan (3) carried out their first anti-dumping investigations.

Developing countries are increasingly frequent users of anti-dumping rules, though the main users and offenders are the leading industrialised traders. In mid-1992 the US had 236 anti-dumping actions outstanding and the EC 157.

Russia signs satellite deal

By Leyla Boulton in Moscow

THE Russian space industry yesterday signed its first contract to launch a western satellite in what it hopes will be the first step into a lucrative western market.

The \$36m (£23m) deal between Inmarsat, the international telecommunications satellite operator, and Russia's Salyut design bureau, is for the launch in 1995 of a mainly US-built satellite on a Russian Proton rocket.

Mr Olof Lundberg, director-general of Inmarsat, said the launch would cost "several million dollars" more than the \$36m once his organisation had paid extra costs including those of adapting its satellite to a Russian launch. But it would still be cheaper than a western launch - according to one Inmarsat official, up to \$10m less.

Mr Lundberg also made a plea in favour of more generalised Russian access to the western commercial satellite launch market. "The Russian economy cannot only be some-where where westerners invest and sell goods."

Fear of powerful Russian competition for western satellite launchers like Ariane-space, which charges \$82m for a similar service, has meant that the west has yet to remove obstacles to Russia competing in this market. The Inmarsat deal was only made possible by a US promise to grant an export licence so that the Inmarsat-3 satellite, whose main contractor is Martin Marietta of the US but which also has some European components, can be exported to the former Soviet Union for launch from the Baikonur cosmodrome in Kazakhstan. A draft agreement on the terms for this licence provides strict safeguards to guard the technological secrets in the satellite from Russians who will be working on the project. The Russians have started parallel talks with the US and the European Community on a possible tripartite deal allowing them a certain number of launches a year and even setting price floors for their services. Mr Dmitry Polukhin, Salyut's director general, said he expected agreement soon on what share of the Russian side's profits would go to Kazakhstan, which now owns the Soviet-built Baikonur.

Mexico turns to import curbs as deficit grows

ONCE proud of its free trade credentials, the Mexican government of President Carlos Salinas de Gortari has taken a series of measures in the past few months to curb imports and to protect some of the country's most inefficient industries.

The change in policy has created some resentment in those countries affected and sits uneasily with the Mexican government's goal of joining a wider North American free trade area.

However, after witnessing a 262 per cent increase in imports over the past five years and seeing many of its largest industries hurt by foreign competition, the government has evidently decided enough is enough.

Earlier this month it imposed duties of up to 1,105 per cent on about \$225m of imports from China, including clothes, shoes, textiles and toys that it alleges were being dumped in Mexico below cost. These later duties have been imposed before an investigation on the effects of Chinese dumping on Mexican industries has been started. Were China a member of the General Agreement on Tariffs and Trade, such duties would have been a breach of the trade body's regulations.



Since September last year the government has introduced quality standards and regulations for imports that make exporting to Mexico more difficult, banned British beef for what it said was health reasons, then raised tariffs on all beef to 15 per cent. It also reduced the duty-free allowance at the border to just \$50. This last measure provoked riots at several border towns by Mexicans who regularly do their shopping in the US.

In February, the government imposed countervailing duties on \$116m of steel exports from six US companies, after alleging the steel products were being dumped on the Mexican market. The duties range from 0.8 per cent to 39.3 per cent. While the measures are consistent with Mexico's membership of GATT, they reflect a change in the government's objectives. In the past, the government encouraged imports to put pressure on Mexican companies to lower margins and increase productivity. But now officials seem more concerned about the effect of imports on employment and the current account deficit.

Mr Jacobo Zaidenweber, a textile producer, and private sector adviser to the trade ministry during the talks on the North American Free

The door is less open to free trade, writes Damian Fraser

Trade Agreement, says: "The government used to be very rigorous in promoting free trade. But now that there is a huge deficit and inflation is under control, there is a little fine-tuning. We see a new willingness of the government to correct the distortions of the market because of the changed priorities."

A trade ministry official says: "The perception I have is that industries are worried about cheap imports and the government has responded, but only when competition is unfair."

He adds that the government remains committed to free trade. Anti-dumping duties were only necessary, he says, because the economy was open, and had never been needed in Mexico's protectionist past.

The government's decision to help selected industries reflects an increased political sensitivity to the private sector at a time when the economy is slowing (growth was just an annualised 1.9 per cent in the fourth quarter last year) and because elections are due next year.

The new barriers will protect those industries that have been worst affected by Mexico's trade liberalisation. The toy industry, now protected by a 351 per cent tariff against Chinese imports, was seriously affected. According to Canacina, a business chamber, sales of Mexican toys fell by 24.5 per cent last year.

The textile sector, now protected from Chinese imports by tariffs ranging from 54 to more than 900 per cent, has also suffered. In the past seven years the Mexican government had cut import tariffs from 50 per cent to 20 per cent, and eliminated import licences that were often never available.

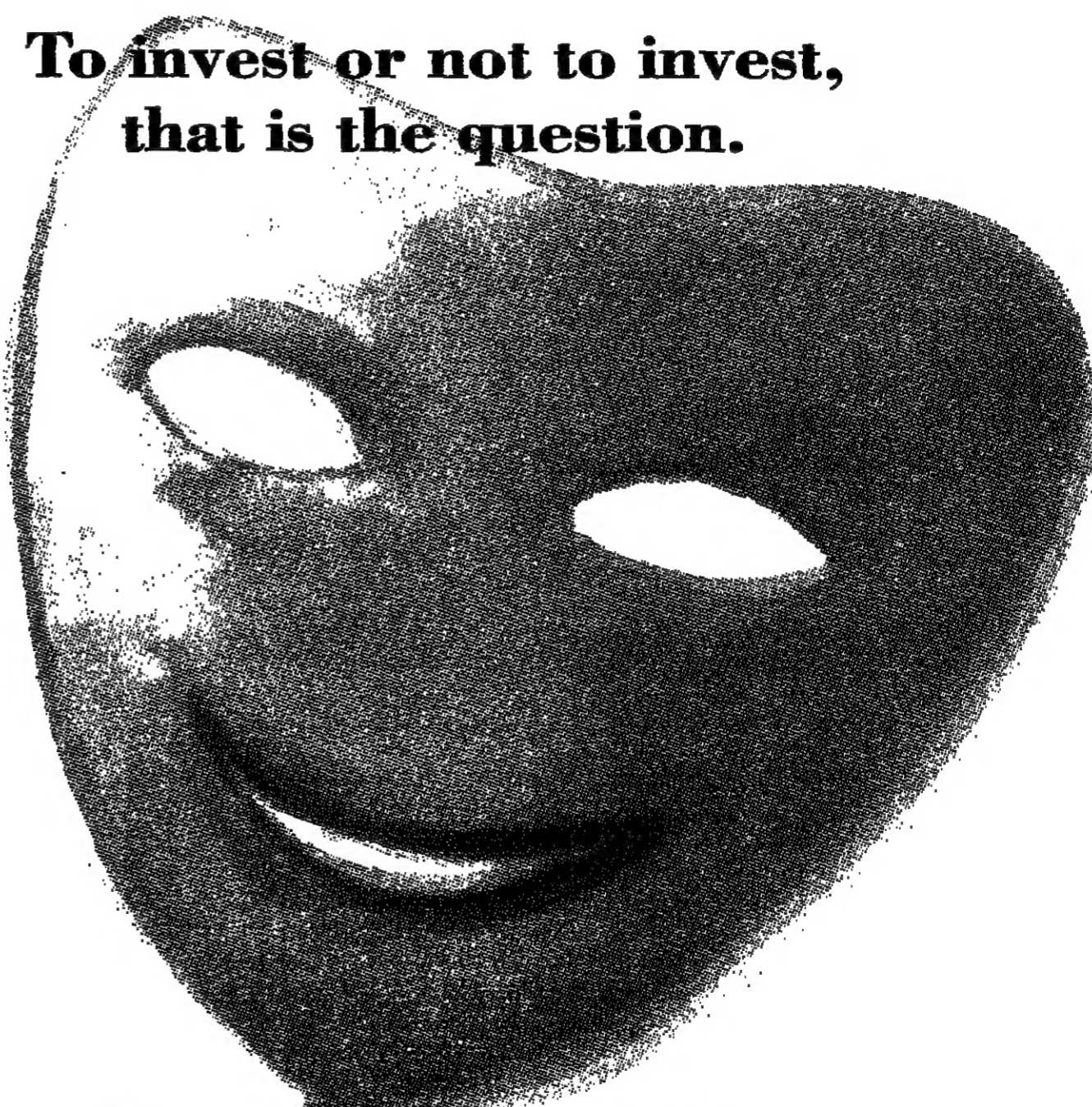
But the result has been a flood of cheap, mainly Asian imports. The domestic textile and clothing sector shrank by 8 per cent last year alone. Hundreds of textile companies have closed, with thousands of jobs lost.

A government official admitted last year that there was some connection between the new regulations on imports and a desire to improve the trade balance, but he thought the effect would be temporary as importers became accustomed to the new procedures.

Mexico's current account deficit last year was \$22.6bn, with monthly imports about \$4bn in the last nine months of the year. However, in January and February the growth in the deficit slowed markedly, with February's shortfall at \$1.24bn.

While part of this reduction may be explained by the new measures, the reduction in economic growth also should have curbed the appetite for foreign goods.

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White House shrugs off Panetta's Nafta doubts

By Jurek Martin in Washington

THE White House yesterday tried to minimise the impact of published remarks by Mr Leon Panetta, the budget director, to the effect that its economic programme was in trouble in Congress and that the North American Free Trade Agreement (Nafta) currently was politically "dead".

President Bill Clinton said he had no reason to be angry with Mr

Panetta. Ms Dee Dee Myers, the White House press secretary, insisted the legislative programme was "on track", that Nafta was "alive and well", and that Mr Panetta was only speculating on its prospects "if it went up to the Hill this week".

She said that whatever the current opposition the Nafta treaty would be seen in a different light when it was eventually presented for ratification with supplemental agreements now

being negotiated with Canada and Mexico. Mr Lloyd Bentsen, treasury secretary, also told Congress yesterday that the treaty remained an administration priority.

Mr Panetta was particularly concerned at the anti-Nafta campaign being waged by Mr Ross Perot, last year's independent presidential candidate. This, he said, "makes it even more difficult" to get the treaty through Congress when it already had many enemies.

The general thrust of his comments, in an interview with US reporters, did not appear to help the administration, recently defeated over the \$16bn (£10bn) stimulus package and increasingly subject to criticism from Congress over various aspects of its extensive domestic agenda.

The budget director, a former congressman from California, specifically said he was advising Mr Clinton to delay releasing his plan for

healthcare reform, probably due out next month, until after the budget reconciliation bill has been voted in June.

He predicted stiff congressional resistance to published proposals to trim the costs of Medicaid and Medicare, the federally funded health care programmes, to the energy tax in its present form, to the investment tax credit, already under fire from Democrats, and to the new student loan programme.

He thought there was no chance of passage of a value added tax unless it were a "revenue neutral" substitute for payroll and income taxes.

The president ran the risk of seeing his programmes torn apart by a combination of liberal Democrats and conservative Republicans. He urged Mr Clinton "to define his priorities more clearly" and to be willing to carry the fight for his proposals to the public.

Canadian markets fall after budget

By Bernard Simon in Toronto

THE Canadian dollar and bond prices tumbled yesterday as financial markets signalled their disappointment at the federal government's unexpectedly meek assault on the deficit in its latest budget.

Business leaders were virtually unanimous in criticising Mr Donald Mazankowski, finance minister, for failing to take a bigger slice out of government spending at a time when public opinion is solidly behind greater fiscal discipline.

The budget, which left the deficit for the year to March 31, 1994, unchanged from last December's C\$32.6bn (£14.3bn) forecast, is widely seen as an effort to avoid tough decisions ahead of the change in leadership of the ruling Progressive Conservative party in June, and the election which is expected to be called between August and October.

Observers suggested however, that the budget will clear the way for Mr Brian Mulroney's successor as prime minister to impose tougher cuts on government spending before the election.

The Canadian dollar lost almost a full cent yesterday morning to 78.65 US cents at midday. The Bank of Canada also pushed up its trend-setting bank rate yesterday for only the second time in the past 12 weeks.

Mr Mazankowski estimated the budget deficit for the year to March 31, 1993, at C\$35.5bn, about C\$8bn higher than his projection a year ago, and the second highest shortfall on record. He forecast that the deficit would drop to C\$28bn in 1997-98, eliminating the need for new borrowings.

Economists queried his assumption that gross domestic product will grow by an average of more than 4 per cent a year between 1994 and 1998. The Conservatives have consistently missed their deficit reduction targets since taking office in 1984.

Mr Lloyd Atkinson, chief economist at Bank of Montreal, warned yesterday that "when combined with the sharp deterioration at the provincial level, Canada now faces a fiscal crisis that, if not dealt with effectively - and soon - could precipitate a national economic crisis, characterised by a much weaker Canadian dollar, sharply higher interest rates and significantly weaker growth."

Mr Mazankowski defended his budget strategy, saying that it offered a "business-like" approach, which includes signals of cuts in regional development programmes and defence spending. Mr Mazankowski is to meet provincial finance ministers next month to discuss a joint drive to cut budget deficits and public-sector borrowing.

Ontario's social democratic government, criticised in the past for spendthrift habits, announced sweeping spending cuts last week aimed at helping to reduce its 1993/94 deficit from C\$17bn to about C\$10bn.

US consumer confidence up

US CONSUMER confidence rose last month after three consecutive months of declines, the Conference Board said yesterday. Better reports from New York. The board's closely watched consumer confidence index rose to 67.7, from 62.6 in March.

The board said people were more positive in their assessment of likely conditions and moderately more optimistic in their expectations for the month ahead. "While the improved April consumer confidence reading is encouraging, a single month of improvement after three consecutive months of decline is still unconvincing," said Mr Fabian Lindner, for the board.

Gunmen press their demands

HOODED men holding 19 Costa Rican Supreme Court judges at gunpoint were demanding \$20m and safe passage out of the country, officials said yesterday. Reuter reports from Costa Rica.

News reports said the hostage-takers were linked to Colombian cocaine barons and wanted the release of, among others, Colombian drug boss Mr Carlos Uriquijo, who was captured in Costa Rica last September. At least five heavily armed men burst into the Supreme Court on Monday and seized the judges as they held a weekly meeting.

Clinton brings spring to Bob Dole's career

Jurek Martin on the fixer and blocker who has been energised by the Republican party's straitened times

PRESIDENT Bill Clinton is not the only one in Washington commemorating a first 100 days this week. Senator Robert Dole of Kansas may have been the Republican leader in the Senate since 1984, but never before was he obliged to operate with a Democrat in the White House and with his own party in such apparent disarray after a sharp electoral repudiation.

If the president is getting

predictably mixed reviews, Mr Dole is receiving surprisingly good ones. The big notch on his belt is defeat of Mr Clinton's economic stimulus package, achieved by holding together in a filibuster the 43 Republicans in the Senate.

This alone made Mr Dole, who will be 70 in July, a man to be reckoned with again, and his party's most effective national voice on everything from Bosnia to the budget.

Some polls even make him the new favourite for the Republican nomination in 1996, remarkable since that would be 20 years after he came off so badly as a mean-spirited partisan vice-presidential candidate, when matched against Mr Walter Mondale, and after two poor runs at his party banner in 1980 and 1988.

Even his former enemies are impressed. Congressman Newt Gingrich, the conservative

ideologue and Republican House Whip from Georgia, who once derided him as "the tax collector for the welfare state", now says "this is the best spring of Bob Dole's political career".

Senator George Mitchell, the Democratic leader and a personal friend, concurs, suggesting that Mr Dole "clearly has been energised by no longer having to carry water for the [Bush] administration." There is more than a little truth in this, for the caustic street fighter from Russell, Kansas, never had much personal truck with the patrician former president.

In defeat and victory, Bob Dole has been a conspicuous figure in Washington, where he is one of its funniest, sometimes most vicious and always quotable politicians. Yet it did seem with the advent of the Clinton administration that at best he was holding the Republican fort while it sorted out its succession among the younger likes of former vice-president Dan Quayle, Mr Jack Kemp and Mr Dick Cheney from the Bush administration, Senator Phil Gramm from Texas, Governor Carroll Campbell of South Carolina and Governor Bill Weld of Massachusetts, and a few talk show hosts.

Even now, a good first 100 days in opposition is no guarantee of longer term success, and Mr Dole knows he is walking a very fine line. Frustrating Mr Clinton over the stimulus package, mismanaged as it was by the administration, may earn him Washington credits but not necessarily national approbation.

For example, a recent NBC-Wall Street Journal survey found 60 per cent believing that the Republicans were just



Robert Dole: holding the Republican fort

"playing politics" in resisting the president's economic proposals: by a 53-39 per cent margin, those polled thought Mr Clinton was more serious about reducing the budget deficit than the Republicans were; and last year's independent presidential candidate Mr Ross Perot is back on television again, all the time muttering about "gridlock".

Logically, having drawn the president's blood, Mr Dole should be contemplating offering positive alternative policies, rather than recycling complaints about "tax and spend" Democrats.

His problem here is twofold: first, he is an expert legislative "fixer" and blocker but not a man with big ideas; second he is contemptuous of those in his party with big ideas (like Mr Kemp and Mr Weld) and the sharpness of his tongue often makes these feelings mutual.

He could also let the Democrats in Congress unravel the Clinton agenda, as they are perfectly capable of doing. There has been much talk in Washington since the defeat of the stimulus package about the balance of power on domestic issues shifting back from the administration to Congress, which is where it mostly resided from 1986-1992.

But if Mr Mitchell and Mr Tom Foley, speaker of the House, get their troops back in line, as they did over the first budget bill, and if the president learns from his initial political mistakes, which he has in the past, then pure Republican obstructionism may not be enough.

There is a theory in the capital that the Republican leader's ulterior motive is to be invited to a seat at the Democratic administration's policy-making table.

Partisan he may be, but in the Reagan and Bush years he was also very much the arbitrator between the White House and both parties in Congress, a role which, as a proud man and as an insider, he found congenial and flattering.

This worries some keepers of the conservative flame, long suspicious of Mr Dole. A recent Wall Street Journal editorial, for example, concluded: "asked what price he wants for peace with Mr Clinton, Bob Dole said 'big'. We hope he means something bigger than merely being a 'player' with President Clinton."

On the other hand, "playing" with Mr Perot and his populist army is the sort of venture that might appeal to him, and many Republicans, even more. At least they talk the same plain language and Mr Perot is not a Democrat.

Camdessus says way is clear for actions over interest rates

IMF chief urges Bundesbank cut

By Peter Marsh, Economics Correspondent, in Washington

INTERNATIONAL pressure on Germany to take further action to speed up European growth intensified yesterday when Mr Michel Camdessus, International Monetary Fund managing director, said a "substantial decrease" in German interest rates was appropriate.

Mr Camdessus did not specify when the Bundesbank should take the necessary action but said that because of the substantial slowdown in German economic activity "a rapid decline in inflation" was likely in Germany, leaving the way clear for further monetary easing.

Even though he acknowledged growth prospects for the industrial world had deteriorated in recent months, Mr Camdessus was generally



upbeat about the possibility of a broadly based world recovery. This was on the grounds that several leading nations had already taken steps to stimulate economic activity and cut budget deficits.

"Among the industrial countries there is a sense of action," Mr Camdessus said. He said that at meetings in Washington later this week leading nations would send a "message of confidence" that the world outlook was improving.

An important stimulus to world growth was that many developing nations had per-

formed "brilliantly" in recording substantial economic growth and avoiding the slowdown in the industrial world. He singled out India for its "admirable" recent actions in economic reform.

Mr Camdessus was speaking at a press conference before tomorrow's meeting in Washington of finance ministers and central bank governors from the Group of Seven leading industrial nations - the US, Japan, Germany, France, Britain, Italy and Canada. The IMF's policy-setting interim committee, representing 24 countries, is meeting Friday.

Mr Camdessus's comments appeared substantially more optimistic than the tone of the IMF's twice-yearly report on the world economy which earlier this week painted a bleak picture of the immediate outlook. It was particularly

gloomy about Europe and said prospects for a substantial increase in international growth were "hesitant and uneven".

Although the US government should take extra steps to bring down its fiscal deficit in the longer term, Mr Camdessus welcomed the "bold" action by the Clinton administration in announcing its budget consolidation plan.

He was encouraged also by programmes in the UK and France to reduce government borrowing and by the Japanese government's recently announced package of spending measures to speed growth.

He welcomed clear signs in the UK that its two and a half year recession was over, and while stressing that more action was needed had been pleased to see recent cuts in the Bundesbank's leading interest rates.

G7 focuses more on medium term

By Peter Norman, Economics Editor

TOMORROW'S meeting of finance ministers and central bank governors from the Group of Seven leading industrial countries should be able to focus on medium term problems facing the world economy as well as the short term outlook.

For although the International Monetary Fund this week scaled down its expectations of global economic growth this year, developments over the past three months in the US, Japan and Europe have brought policies in the main industrial countries into better balance.

However, US moves to cut its budget deficit, the Japanese growth package and the slow decline in German interest rates may not be beyond criticism.

In discussions ahead of this week's meetings of the G7 and IMF in Washington, some of America's partners have warned that the US deficit reductions are no more than a useful beginning.

Japan's partners find it difficult to estimate how far the Japanese package will boost the economy, while the US this week said it would like further cuts in German rates.

The moves represent a willingness on the part of the main industrial countries to share responsibilities for strengthening the world economy. Policymakers believe they should contain downside risks to the global economy and ensure that tomorrow's G7 meeting in Washington is harmonious - in contrast to some in past years. If harmony does prevail, much of the credit will go to Mr Lloyd Bentsen, the US

Treasury secretary, who has pursued a policy of avoiding international economic confrontation. "It is excellent working with Bentsen," a German official enthused yesterday. European officials report that the US now takes the views of its G7 partners seriously.

This month's agreement on measures to help Russia has also boosted confidence in the G7 as a forum for co-operation. British officials expect Mr Norman Lamont, the chancellor, to underline the importance of pushing ahead with structural reform, including the need to remove rigidities in continental Europe's labour markets. He will also stress the importance of a liberal world trading system and the need for western industrial countries to open their markets to goods from eastern Europe and the former Soviet Union.

Anger as Mexican poll postponed

By Damian Fraser in Mexico City

MEXICO'S ruling Institutional Revolutionary Party (PRI) has provoked a national storm by postponing elections for governor in the state of Yucatan from November this year to May 1995.

The local Yucatan Congress, which is controlled by the PRI and satellite parties, changed

the state constitution on Friday, enabling the vote to be postponed.

The Congress will now select an interim governor to rule from February 1994 to July 1995.

Mexico's centre-right National Action Party (PAN) was seen as having a good chance of winning November's election. The state is one of the PAN's strongholds, and the

mayor of Merida, the state capital, is from the party. The new election will be held after the September 1994 presidential election, thus forestalling a potentially embarrassing loss for the PRI or opposition protests, at a sensitive time.

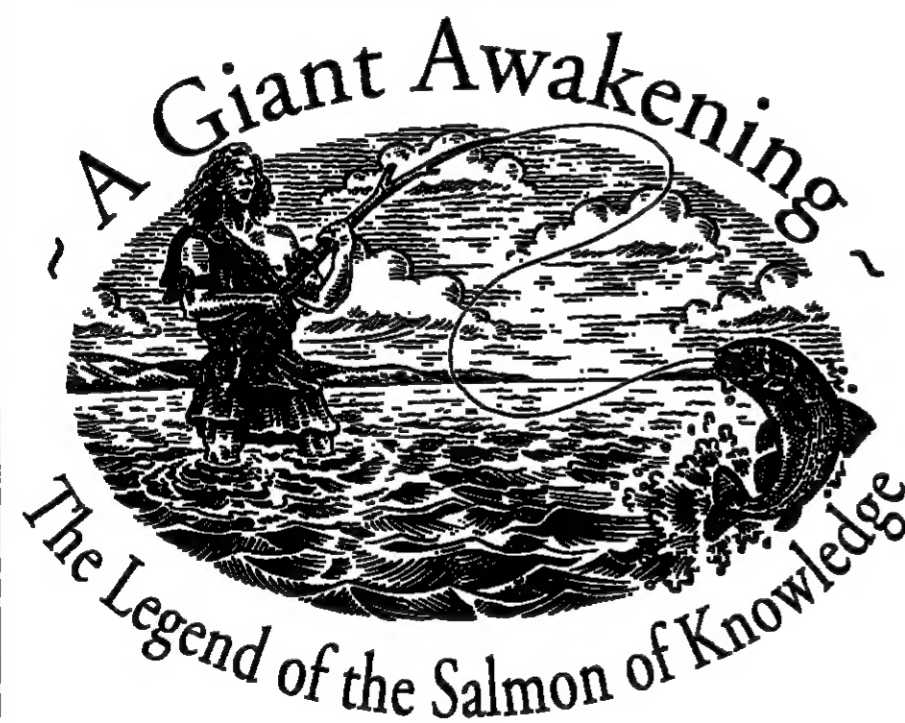
On Sunday the PAN organised a referendum and protest march in Merida against the change, with an estimated 40,000 supporters. The PAN is

also seeking legal action against deputies who approved what it considers an illegal modification to the constitution. It may walk out of negotiations over party financing reform in protest.

The local PRI has defended the move, arguing that it was not in Yucatan's interests to hold its gubernatorial election so soon before the presidential election.

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مكتبة الأصيل

Canadian markets fall after budget

Boarding at private schools falls by 6%

By John Authors

BRITAIN'S private schools saw the number of live-in pupils fall by 6 per cent last year, the steepest decline since records began in 1982, according to the Independent School Information Service (ISIS).

The independent sector, dominated by famous schools such as Eton and Harrow, was hit by a 10 per cent fall in the number of so-called "boarders" in the previous three years, according to the Isis census, covering 80 per cent of pupils in fee-paying schools.

Average annual fees have risen to \$9,375 for boarders, an increase of 8 per cent. Overall, independent school fees rose on average by 8.3 per cent - more than three times the rate of inflation and almost double the rate of increase in average earnings.

The sharpest falls in numbers came at the preparatory level, with the number of eight-year-olds falling by 16.9 per cent, and the number of nine-year-old boarders falling by 15.1 per cent.

Mr David Woodhead, director of ISIS, said: "We've had a long-term gradual decline in the number of boarders in our schools and this shows the extent to which the recession has hastened that decline."

Day schools, where termly fees average £1,388, were more resilient, with day boys dropping by 0.5 per cent, and the number of day girls increasing marginally, by 0.1 per cent.

This resulted in a total drop in the independent school population of 1.5 per cent. This is the second annual fall in succession, following nine years of steady growth.

New spending on buildings and equipment per pupil fell by 10 per cent.

More than a quarter of pupils are receiving financial help, the highest figure recorded. Schools provided scholarships or bursaries to 16.9 per cent of pupils - more than double the rate in 1982. Take-up of the government assisted-places scheme for pupils from low-income families rose by 3.4 per cent.

ISIS defended the increase in fees, pointing to the cut in spending on building and equipment, and the rise in teachers' pay in the public sector, which it put at 5.5 per cent for 1992. Mr Woodhead said: "Local authority spending on education in 1992-93 is allowed by central government to rise by 7.1 per cent - more than three times the current inflation rate."

UK directors warn of risks to recovery

By Michael Cassell and Emma Tucker

BRITISH business leaders yesterday warned long-term recovery will be threatened without fundamental changes in government policy.

The gloomy prophecy came as the Confederation of British Industry (CBI) announced the sharpest rise in business optimism since 1983 in the first four months of this year, with exports driving a significant improvement in manufacturing output and order books.

The generally upbeat survey follows the release of other encouraging economic indicators this week. But delegates to the Institute of Directors (IoD) annual convention in London, heard business leaders warn that Britain could slip back into a boom-bust cycle without a fundamental rethink of economic strategy.

Mr Peter Morgan, the IoD's director general, said the business climate was improving but Britain risked re-entering the "dreary pattern of post-war economic decline" unless business and government worked together to build lasting prosperity.

Accusing government of being "in the hands of economic misanthropes", Mr Morgan said any

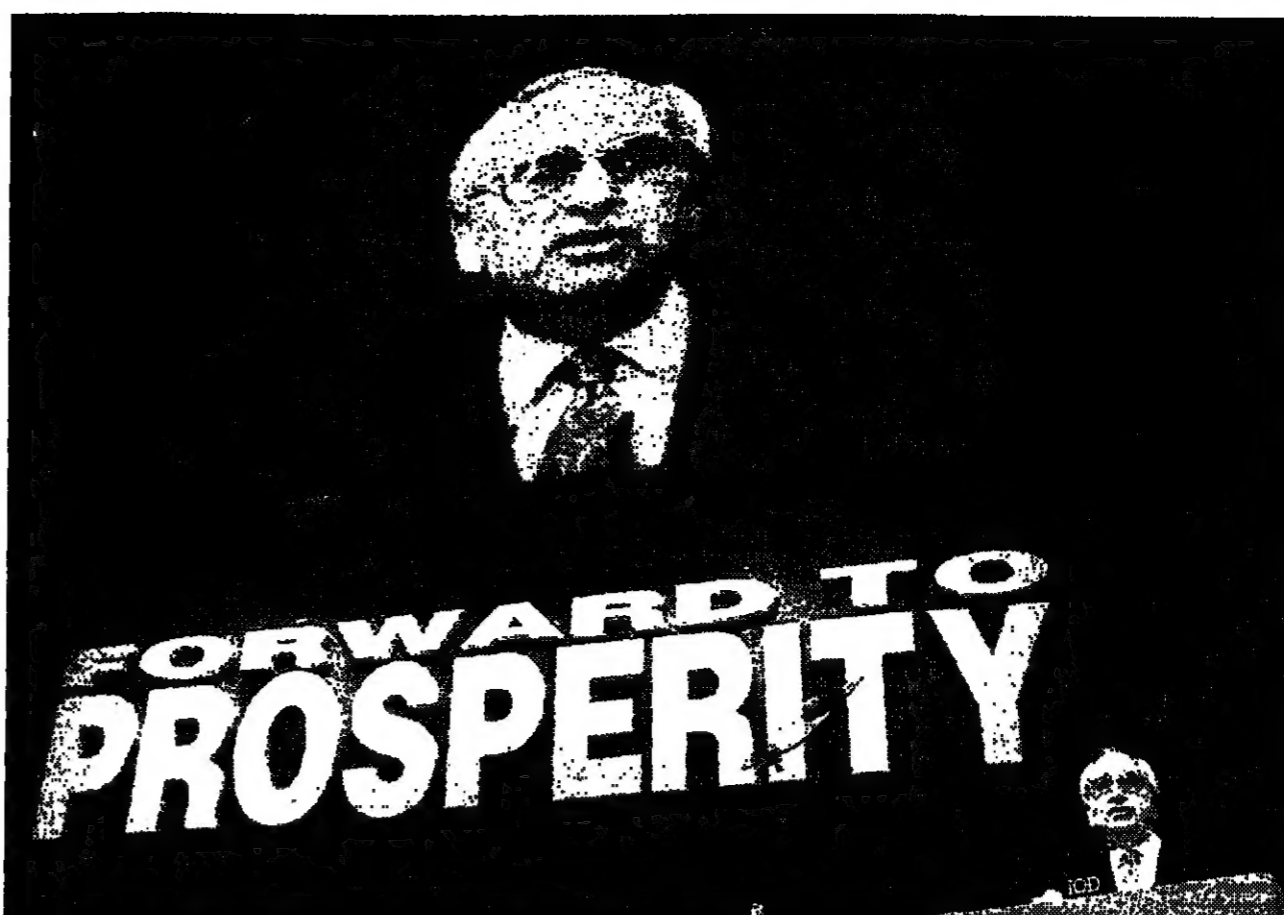
recovery on the way was "more or less over the dead bodies of Bank of England and Treasury officials". He called for an independent central bank to oversee a policy of "sound money" and the right financial framework for stable economic growth.

Comparing the economy to a sick patient, Lord Young of Graffham, the former cabinet minister and current chairman of Cable & Wireless, said it "is still in intensive care. We cannot afford any sudden shocks".

His sober diagnosis of the economy found plenty of sympathisers at the convention. Sir Alistair Grant, chairman of Argyll Group, the food retailer which owns Safeway, Presto and Lo-Cost, attacked the government for being "in the grip of events" and for lack of vision. The state of the economy today, he said, was "very largely the consequence of Tory government policy".

The CBI's latest quarterly industrial trends survey reported that while the manufacturing sector is emerging from recession, the strength of recovery is threatened by economic slow-downs in other European countries.

Sir David Lees, chairman of the CBI's economic affairs committee, acknowledged the find-



Warning note: Lord Young of Graffham, chairman of Cable & Wireless, told delegates the economy "was still in intensive care"

ings of the latest quarterly industrial trends survey were positive but said industry was waiting to see its trends confirmed. "We can't yet be fully confident that the economy is on a firmly upward path," he said.

The survey showed that a three-year decline in total new orders came to an end in the

first four months of this year. Manufacturers, who have depleted stocks to their lowest level for almost three years, are now expected to increase output at the quickest pace since 1988.

Exports rose in the last four months, suggesting that the effect of British industry's competitive edge is outweigh-

ing the difficult economic conditions of the UK's main European trading partners. According to the CBI, only 50 per cent of the survey's respondents cited price as a constraint on export orders.

The bad news was that both investment and employment in manufacturing are expected to continue falling, albeit at a

slower rate than for most of last year.

The weak investment intentions were particularly worrying, although the survey showed that 63 per cent of companies are working below capacity. It also showed that more companies than a year ago now expect to raise their prices.

Small companies could escape audit requirement

By Andrew Jack

MORE THAN a quarter of a million small companies could be exempted from the statutory annual audit by as soon as next year, under proposals from the Department of Trade and Industry issued yesterday.

The move would represent one of the most sweeping changes to legislation covering the scope of audit requirements for nearly one hundred years.

In a consultative document launched by Mr Neil Hamilton, minister for corporate affairs, the DTI suggests removing the annual audit for the estimated limited liability British companies below the value added tax threshold of £37,500.

While proposals for abolition of the small company audit have already been examined

and rejected by the government twice in the last decade, most of the more influential decision-makers have now changed their views and endorse relaxation.

The Inland Revenue, which has traditionally opposed the change, said yesterday that it had been fully consulted. "The Chancellor is fully signed up to reducing the burdens on small business," it said.

Mr Paul Chishall, an associate director of the British Bankers' Association, said: "We can see the need to try to lift the requirement. This proposal is moving with the times. We welcome it."

But Mr Terry Robinson, of the Institute of Credit Management, warned that credit rating agencies would resist the changes, which would reduce the reliability of published

financial information.

The DTI proposes two options: exemption from the audit requirement or replacement of the audit with a "compliance report" from an accountant confirming the accounts fall within company law. Exemption would also require unanimous approval by shareholders and the company should have a balance sheet total of not more than £100,000.

Consultation closes at the end of June and the changes could be brought about by regulation, possibly as soon as Spring next year.

Mr Tony Miller, an accountant who is financial affairs chairman for the National Federation of Self Employed and Small Businesses, called for the threshold for exemption to be lifted further.

Major seeks support for bomb cover aid scheme

By Gary Mead and Michael Skapinker

MR JOHN Major, the prime minister, yesterday urged cross-party support for the government's insurance aid scheme for terrorist losses following the weekend bomb blasts in the City, writes Ralph Atkins and Richard Waters.

The scheme, which will be introduced formally in the summer, involves the government acting as a reinsurer of last resort, so when insurance industry funds are exhausted, the state will meet outstanding claims.

In the Commons, Mr Major said cover under the scheme announced last year by Mr Michael Heseltine, trade and industry secretary, had been provided since January 1 and reiterated that the government would honour its commitments under the scheme. He hoped the legislation would "attract support from all parts of the House (of Commons)".

Mr Major was speaking ahead of a meeting today with Sir Francis McWilliam, Lord Mayor of London, to discuss improvements to security measures to protect the City from terrorist threats in the future. The Lord Mayor is expected to raise the question of whether policing levels in the City should be raised. But he will also point out that, like other local authorities, the Corporation of London is limited by rate capping legislation and so may need additional financial resources.

Hoover admits flight surcharges

By Gary Mead and Michael Skapinker

HOOVER, the domestic appliance manufacturer, yesterday admitted it had levied surcharges on travellers taking advantage of its controversial free flights offer to US and European destinations.

Mr Richard Rankin, vice-president of Hoover's European marketing services, said the company introduced the surcharges in an effort to reduce the number of people who booked "free flights" but did not travel.

Mr Rankin, who is joint chairman of a task force managing the promotion, said the surcharges have now been dropped on advice from the Association of British Travel Agents.

The surcharges were for air-

port taxes at some US and European hubs. But they were suspended yesterday on US destinations. There will be no further charges on flights to Europe from Monday.

The original application forms for Hoover's "free flights" - two free tickets to the US or Europe conditional on spending a minimum of £100 on a Hoover product and filling in an application form - made no mention of surcharges.

Mr Rankin denied the surcharges were an attempt by Hoover to recoup some of its promotional costs.

Last month Maytag, Hoover's US parent, said it would take a \$30m charge against its first quarter profits, the estimated cost of ensuring that customers who qualify for Hoover's "free flights" get them.

Package tour industry still struggling

By Michael Skapinker in Palma, Majorca

THE BRITISH package tour industry is still struggling to emerge from recession, with sales of summer holidays up slightly on the back of heavy discounting, according to figures published yesterday by Lunn Poly, the UK's largest travel retailer.

Mr Richard Bowden-Doyle, Lunn Poly marketing director, said about 7.5m people are expected to buy summer hol-

days through travel agents this year - an increase of five per cent on 1992. He said, however, that the average price of summer holidays sold through Lunn Poly's 610 shops this year was £414, compared with £418 last year and £415 in 1991.

Speaking at the convention of the Association of British Travel Agents in Majorca, Mr Bowden-Doyle said the increase in holidays sold was the result of a discounting campaign after Christmas. He said 2m winter 1992-3 hol-

idays had been sold by travel agents, the same as the previous year. Lunn Poly had, however, sold holidays at a discount throughout the winter.

Majorca has consolidated its position as the leading destination for UK holidaymakers, accounting for 12 per cent of summer 1993 bookings, compared with 11 per cent last year.

Florida has won 8 per cent of bookings, the same as last year, despite the recent murder of a tourist and other attacks. This put Florida in second

place ahead of Cyprus which has fallen from 10 per cent in 1992 to 6 per cent this year as a result of increased prices. Turkey is in joint third place with 6 per cent, compared with 3 per cent last year.

The opposition Labour Party has prepared the ground for a legal action against Baroness Denton, consumer affairs minister, to be brought by customers who suffer from the worst collapse of an unbonded travel company, the conference heard.

Britain watches Timex dispute for bitter signs of the times

Both sides in the infamous Timex dispute give evidence today to MPs. Robert Taylor explains the background

THE SACKING of the workers at the Timex plant in Scotland has aroused widespread anger in the ranks of organised labour, and raises a number of issues about British industrial relations.

Local union officials fear it could herald a new, more aggressive phase of the rolling back of union power after 14 years of demoralising retreat.

To the strikers - many of them women with more than 30 years service - and many others in highly unionised Dundee the dispute is a fight for justice.

The company sees the dispute differently. Mr Peter Hall, Timex's chief executive, says the decision was not taken lightly, but "we had no real alternative".

Mr Hall says the loss-making plant faced the threat of closure. The demands of the market place required a more assertive managerial style.

The clash of cultures is mirrored in British industry - on one side, the unions with hallowed agreements built meticulously over years of collective bargaining, on the other side, a more impatient, less hidebound management under pressures to be more profitable.

The US registered multinational - owned by the Norwegian entrepreneur Fred Olsen

- set up in Dundee in 1946 making components for the watch industry. One of the city's biggest employers, it established good relations with the unions.

In 1990 Timex and the AEEU signed an innovative agreement in return for profit sharing and share ownership, a generous savings plan, cash lump sums plus a worker seat on the board, the union agreed to radical changes in working practices with quality circles, team work and flexibility.

Mr John Dryfe, US vice president who worked at the plant for many years, says the workers failed to deliver. The workers disagree.

The strikers claim Mr Hall's arrival as chief executive in June 1991 led to a deterioration in relations. He was from outside Timex - he had previously run his own business, two small engineering companies. "I don't believe he has worked in an industrial relations before," says Mr John Kydd, the former chief convenor.

Mr Hall says he worked well with the union leadership, until Mr Kydd was elected on December 7 with Mr Willie Leslie as his deputy. "That was the key event," says Mr Hall.

Mr Kydd says Mr Hall subjected him and Mr Leslie to a three-minute barrage of abuse, declaring he would work to



Cause célèbre: ugly scenes on the picket lines have brought national attention to the Timex plant

"derecognise" the union.

As a result of falling demand, Mr Hall decided in December to lay off half the workers for the first six months of this year. The union suggested that all workers be laid off in rotation, which Mr Hall thought impractical.

Early in January he laid off 120. On January 15, the union balloted the workers on strike action. The workers backed the

strike call by 92 per cent to 8 per cent and walked out 14 days later.

Mr Hall warned the strikers they would be dismissed if they did not come back. By this stage the company was looking at other ways to cut costs including a wage freeze and reductions in the value of pension and other benefits. Mr Hall assured the strikers this was a "separate" matter - a

return to work did not depend on the workers accepting new conditions.

The parent company, Timex Electronics, took a more direct role in the dispute and Mr Dryfe flew in from the US. After 13 hours of talks on February 10 and 11, he and Mr Hall believed they had a deal with local negotiators. Mr Hall agrees the lay-off and cuts were linked by then.

Under the four-point peace plan, Timex accepted rotation of lay-offs for half the workforce subject to independent conciliation. The company also wanted a wage freeze and a 10 per cent cut in benefits - in return, the workers were promised half whatever profits Timex made.

The union officials deny they accepted the peace plan. Mr Kydd's father, the union's divisional organiser, says he was "incensed" at the decision to widen the bargaining agenda. After taking legal advice the union officials recommended that the workers reject the plan but return to work "under protest".

line, complete with burning brazier, has none of the menace often associated with picket lines. Sacked Timex women drink tea and puff cigarettes - many of the workers who have replaced them are tough-looking men, who wear balaclavas to hide their identity.

The union has played the dispute calmly, using expert legal advice, frustrating efforts by Timex to persuade local judges to prevent demonstrations and marches outside the plant.

From May 17, 90 days after the dismissals, the company will have the right to rehire ex-employees selectively without facing unfair dismissal charges from the rest. The company will need a further 260 workers this summer to meet an upturn in demand.

In the US, Mr Dryfe sounds more conciliatory, wanting a Japanese style agreement to boost productivity with an end to restrictive practices and demarcation lines. Union officials say: "We just want a negotiated settlement."

As one woman with more than 30 years service declared on the picket line earlier this week: "We can agree to a Japanese style agreement but what the company forgets is that those deals have carrots in them as well as sticks."

The round-the-clock picket

Britain in brief



Wellcome Trust gives \$400m to US

Wellcome Trust, the largest UK medical charity, is to transfer \$400m over the next five years to its smaller sister organisation in the US.

The gift to the Burroughs Wellcome Fund may displace some British researchers who had counted on receiving all the money the trust received after last July's sale of its majority stake in Wellcome, the drugs company.

Mr Roger Gibbs, chairman of the Wellcome Trust, said it was the governors' prime duty "to interpret the will and wishes of the founder Sir Henry Wellcome" who was born and educated in the US.

"We believe it would be Sir Henry's fervent wish that the trust should make a significant contribution to medical research in the US."

German buyer for big store

Legal & General, the insurance company, has sold the D H Evans department store in London's Oxford Street for £34.5m to a private German investment company.

The deal is part of an emerging trend in which German investors have bought large amounts of London property over the past six months. However, the deal is unusual in that it concerns a retail property, rather than an office.

US satellite link for trains

InterCity, the long haul passenger division of British Rail, is to spend £57m modernising its rolling stock and introducing innovations such as visual positional information linked to US military satellites.

The new carriages will be introduced to test passenger reaction on various routes from next month and brought in more widely by 1996 if they prove popular.

Among their features are visual information systems to update travellers on the journey's progress. The visual information system drew on a network of 21 US defence satellites in orbit 11,000 miles above the Earth.

Wimbledon prize up 14%

Britain's All-England Club, organisers of the Wimbledon championship, said its decision to increase prize money by 14 per cent had been forced by sterling devaluation and exchange rate fluctuations.

Organisers said that overall prize money for 1993 would be £5.04m, compared with last year's figure of £4.41m.

Mr John Curry, the All England Club chairman, said the rises were designed to take into account the fluctuations in international exchange rates over the past year.

The £305,000 pounds men's first prize is £30,000 more than Andre Agassi collected in 1992. The winner of the women's singles will receive £275,000 pounds, an increase of £35,000.

Ulster air route to US

American Trans Air, the US carrier, has won government approval to operate scheduled services between Northern Ireland and the US.

Mr John MacGregor, transport secretary, said the move showed the UK's "willingness to progress with liberalisation".

EC deadline on ancient wood

The government has been given two months to respond to European Commission objections to plans for an east London river crossing, which will cut through an 8,000-year-old wood.

If the government does not give a satisfactory response, it will face action in the European Court of Justice.

But environmentalists and Euro-MPs campaigning to save Oxleas Wood are worried that if the government insists on going to court, work on the road may begin before the case can be resolved.

EC action to halt the project is almost the last hope for campaigners, whose legal challenge to the work was defeated in the British High Court in February.

MANAGEMENT

Stacking the odds against cancer

By Dr Michael McGannon



HEALTH CHECK

EAT some cereal before you go to work; take regular apple breaks instead of drinking coffee all day; set about making your office a smoke-free zone; and convince your company to offer cantaloup and broccoli in the restaurant.

All these measures should lower your chances of developing certain kinds of cancer, and stack the odds in favour of a long retirement.

Fear may stop some people from finding out about cancer. But statistically, the chances of dying from it are much less than of dying from heart disease.

Cancer is not a single disease; it is a whole spectrum of pathologic processes characterised by a profound disturbance in the growth and proliferation of a cell.

In contrast to a normal cell, whose growth and reproductive cycle proceeds in a relatively orderly manner as dictated by genetic coding, deregulated cancer cells dominate and replace normal cells and often spread to other parts of the body.

More than 200 forms of cancer have been identified and can be classified into three large groups: carcinoma (deregulation of those cells that act as lining for organs and secrete mucus), sarcoma (cancers of connective tissue such as muscle and bone) and liquid cancer (such as leukaemias).

Lung cancer is the most preventable carcinoma. Its incidence varies from country to country. Death rates are dropping in England, Wales, Finland and Sweden, have plateaued in Australia, Austria, the US, Belgium, Germany, the Netherlands, New Zealand and Switzerland, and are still rising in Spain, France, Hungary, Italy, Ireland and Poland.

The average age for developing lung cancer is 60. Once diagnosed, less than 30 per cent of patients are eligible for curative surgery, explaining in part the dismal chances of survival, less than 10 per cent five years after diagnosis.

The vast majority of lung cancers (around 85 per cent) are due to exposure to tobacco smoke (either active or passive), though

other substances (asbestos, pollution, heavy metals and chloromethyl ethers) have strong causative relationships with lung cancers.

If you are unable to stop smoking entirely, you might consider a less harmful way of getting nicotine into your system (a pipe, cigar or nicotine patch).

Colon (large intestine) carcinoma also has links to lifestyle. It is among the top five cancers in most developed countries, but unheard of in some African and Asian countries.

One theory is that it is related to the longer transit time of faecal material through the intestines in developed countries. The refined carbohydrates in highly processed foods have less cellulose (non-absorbed plant fibre) than in fruits and vegetables. They travel slower through the intestines which may be conducive to inactive carcinogens turning into active ones.

Eating more fresh fruits and vegetables, or bran cereals can help prevent colon cancer. With the help of a qualified nutritionist, also try limiting saturated (animal) fats to less than 35 per cent of your diet. If colon cancer or polyps runs in your family, consult your doctor about when to have preventative screenings.

Prostate cancer, another kind of carcinoma, is the most common malignant tumour in men worldwide. The cause of this slow-growing tumour is unknown, although there appears to be a hormonal relationship. It appears to be on the increase even in areas where it was previously uncommon, such as east and southeast Asia.

Prostate cancer is frequent in North America and Europe. Incidence and mortality increase in Chinese and Japanese after migrating to the US.

Prostate cancer is rare before the age of 50 but then its occurrence grows steeply with age until about 80 when it begins to fall again except in Norwegian, French and Japanese populations.

When it comes to screening, a combination of Digital Rectal Exam and a relatively inexpensive blood test is probably the best balance between cost, benefit and efficacy.

The author is medical director of the Inland Business Health course.



Ian Clayton: After 22 years at British Coal he's now working as the manager of an electricity generating plant in Suffolk

From coal mine to chicken litter

Michael Smith on job prospects for pit managers

As an employee of British Coal for 22 years, Ian Clayton never expected to work with any fuel other than that which had fired an industrial revolution and countless imaginations.

He was wrong; last week he started a new job as the manager of an electricity-generating plant where the raw material is chicken litter, a combination of wood shavings and excreta.

"It may not be everyone's idea of fun but I am enjoying it and I feel the future is secure here," he says.

Clayton, 45, is one of a growing number of British Coal pit managers who are opting out of the industry as they see the number of pits declining and their job prospects reduce with them.

Compared with face workers and other less skilled British Coal employees, pit managers are finding jobs, if not easily then with less of a struggle.

Finding jobs for senior staff is a relatively new problem for British Coal. Although it has been shrinking for many years, it has been able to shed staff voluntarily through relatively generous redundancy packages. But earlier retrenchments mean that most candidates for early retirement, which becomes available when employees reach 50, have already gone.

The destinations of those depart-

ing are surprisingly varied. They include teaching, general management and consultancy work.

Many have increased their salaries, not surprising given that the average salary for a pit manager, in charge of perhaps 800 staff, is less than £50,000. British Coal departees often feel a sense of release from an employer which offers only limited career opportunities because of its contraction.

Take 36-year-old Kevin Whitehead, who left his job as manager of Frickley pit in February to become southern region manager for the National Rivers Authority. The problem at British Coal, he says, was not so much lack of security even though the pit he managed is only reprieved from closure if British Coal can find a market for its coal.

"I was concerned about the shortage of opportunities," says Whitehead. "I had been a pit manager for the best part of eight years and I could see few places to go within British Coal. The management challenges here are very similar - general management is general management."

The NRA job was the first Whitehead had applied for and, says Peter Humphreys, personnel director, he beat 300 other applicants for the appointment. "We wanted someone whose qualities and experience included financial control, an engi-

neering and management background, and a well-defined knowledge of operating with high public visibility. Kevin was the outstanding candidate."

Clayton, former manager at British Coal's Silverhill pit, contested with a smaller field of candidates to win his job as manager of the Fibropower chicken litter power station in Eye, Suffolk. The 65 contenders, though, included senior employees of National Power power stations.

Nor was Clayton the only coal industry candidate to impress. Three British Coal employees made it to the final interview stage.

That does not surprise Philip Andrew, chief executive at British Coal Enterprise. It is his job to find work for British Coal employees who want to move on, so he is hardly likely to run down their abilities, but he is frank about some of their potential deficiencies.

"If you asked a pit manager to go to the City for debt funding to deal with working capital he would not know what you were talking about," he says.

"But they are very much aware of profit and their general management skills are strong. We are talking about people who handle 700 to 800 personnel and a business turning over £40m a year. Many managing directors of publicly quoted companies have less on their plate than that."

The practice of equal pensions

By Norma Cohen

Equal pay for equal work, while easy to grasp in theory is elusive in practice.

Applying the concept of equality to deferred pay - pensions - has proved so difficult that three years after a landmark ruling from the European Court of Justice employers are still unclear about how to make it work.

That decision, handed down on May 17 1990 in the Barber case, concluded that employers may not offer one sex more generous pensions than are available to the other. It immediately forced examination of pension schemes which typically allowed women to retire on full pension at age 60, while forcing men to wait until 65.

Today, an opinion from the Advocate General of the ECJ on a different case - which will be subject to a final ruling later this year - should provide further guidance for employers.

In Britain, where 80 to 90 per cent of all occupational pension payments are made to men, employers have already responded to Barber by reducing even further the portion of the pension pot paid to women. Figures from the National Association of Pension Funds show that 85 per cent of all employers have equalised male and female retirement ages within their schemes and of these, 59 per cent have done so by raising women's ages to 65.

"The majority of employers have equalised at 65 because that is the cheapest option," said Kevin Spring, partner at consulting actuaries Wyatt Company.

However, the NAPP has found that most employers have been sensitive to the views of their female employees: 82 per cent of those raising the age allow current employees to retire earlier than that with no actuarial reduction in pension payments. Because workers typically lose 5 per cent of their pension for each year of early retirement, many employers have thus shielded their female employees from a swingeing 25 per cent reduction in their pension payments.

But employers have not solved all their problems - either legal or managerial - by simply raising retirement ages. Thus attention is focused on another group of cases on which the Advocate General is expected to pronounce today. The central one comes from the UK where the pension scheme members

and trustees of Coloroll, a UK home furnishings company now in liquidation, have asked the ECJ to resolve some outstanding questions.

First, will employers be required to provide "retrospection" in equalising benefits or will they just be liable for equal benefits from May 1990, the date of the Barber judgment? Also, in so-called money purchase schemes, where the pension consists of a single lump sum to be invested in the purchase of an annuity, must men and women be provided with equal sums?

Moreover, in the equalisation process, can an employer legally worsen the pension terms for employees?

"The question is whether the nature of the pension promise is sufficiently contractual to require employers to stick to it," said Mark Duke, principal at actuarial consultants Towers Perrin. Employers who have tried to shield women from the sudden effects of a change in pension age may find that the Advocate General will require them to do the same for men retiring after May 17 1990. Given the considerable expense employers could abandon their efforts to cushion the blow for women.

Despite the material reduction in pension benefits for women post Barber, benefits consultants say there has been remarkably little flapping.

One reason is that relatively few women are entitled to full occupational pensions anyway because their child care decisions typically give rise to interrupted work patterns. Indeed, most of the outcry has come from male-dominated trade unions who want a crack at the more generous pensions offered to women.

Another reason, Spring says, is that fixed retirement ages are a fiction at many companies. Employers increasingly offer flexible retirement ages, allowing those who wish to go early the ability to do so with little or no reduction in pension and higher pensions for those staying on longer.

Employers like flexibility because, among other things, they find an employee hanging on only for a pension to be a relatively unproductive worker. Employers with unhappy workers between the ages of 61 and 65 could well be advised to consider a scheme offering both men and women a graceful way out.

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"I assess fire risks for a living,



but my life's work is preventing them."

Stan Woodward

LONDON & EDINBURGH INSURANCE

Stan Woodward is Chief Property Surveyor at ITT's London & Edinburgh Insurance Group. And he takes his job home with him every night, devoting much of his free time to the local Fire Liaison Group, educating the community about fire safety.

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مكاتب التجميل

Practice of pensions
Cohen

HERTFORDSHIRE

Wednesday April 28 1993

Late last year, the county had the fastest-rising unemployment rate in the UK. Its response, says Rhys David, has been swift and well co-ordinated: a new body dedicated to promoting inward investment. Already there are signs of renewed economic activity.

Well placed for recovery

WHEN BRITAIN held the presidency of the European Community during the second half of last year, three of the key ministerial meetings were held not in London but 25 miles north in the unfamiliar surroundings of Brocket Hall, near Welwyn.

The choice of Hertfordshire, and of this historic house, where two Victorian prime ministers, Lords Melbourne and Palmerston, lived and died, was appropriate for more than just the splendour of its conference facilities and parklands, and its high security.

Hertfordshire, with its quaint villages favoured by film-makers, its relatively small-scale and successful urban centres, none in excess of 100,000 population, its high-technology employers, and its position close to three of London's four main airports, and astride the motorway network, is a part of Britain which can stand comparison with the more prosperous parts of Europe.

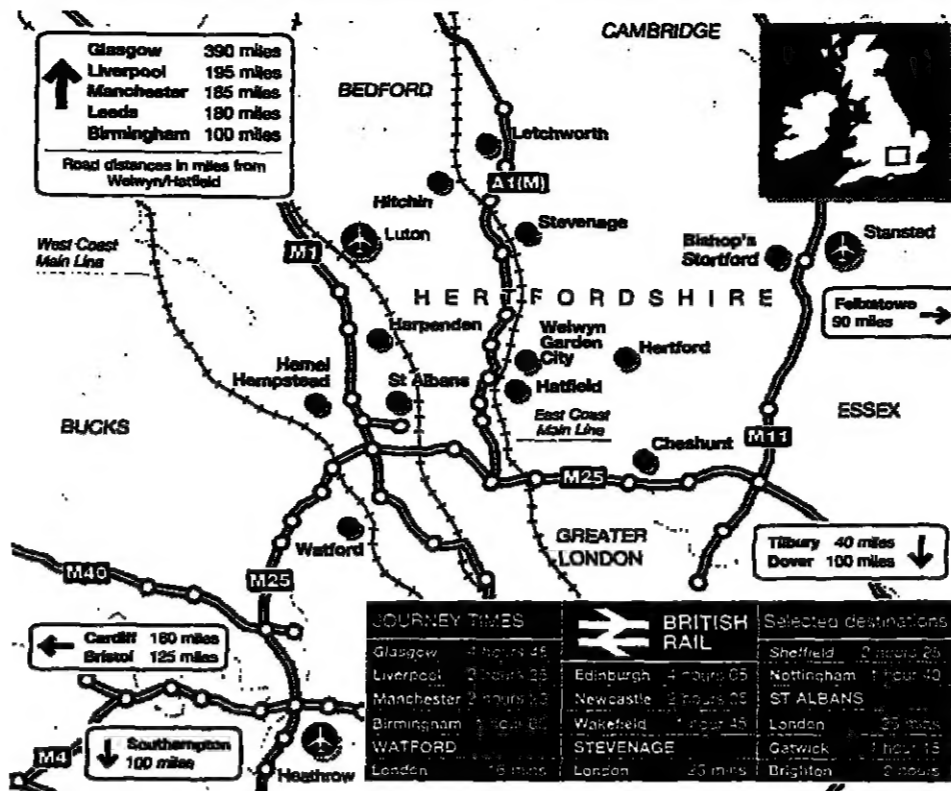
Its inhabitants enjoy the second highest per capita income in the UK, and its better-off residents have the opportunity to live in the most expensive property outside London. Those living there include not just City types, such as the current Lord Mayor of London, Sir Francis McWilliams, able to take advantage of good rail links which whisk them into London in 30-30 minutes, but arts and media personalities, including

the now reclusive Clockwork Orange director, Stanley Kubrick, who lives in a heavily guarded mansion near Harpenden.

Yet, for all its apparent prosperity, not long before Mr Douglas Hurd, the foreign secretary, and Mr Michael Heseltine, the trade secretary, had begun their talks in the county with their fellow EC ministers, local leaders had themselves been visiting Brussels to ask the industry commissioner, Mr Martin Bangemann, and other officials for aid.

Hertfordshire has had to follow the route taken by other councils from more economically depressed regions of Britain, because of the impact on several of its key towns of the decision by British Aerospace to close down its Hatfield site, home in the past to aircraft as famous as the Mosquito, the World War II fighter-bomber; the Comet, the first commercial jetliner; Trident; the BAe125; and, in more recent years, the BAe146 regional jetliner.

A total of 2,300 employees will lose their jobs by the end of this year, following others who have been made redundant in earlier cutbacks at the plant, which, during the mid-1980s, employed 7,500. British Aerospace has also been scaling down other operations within the county in its missile and satellite plants, mainly in Stevenage. The same pressure within the aviation market has forced Rolls-Royce to close its helicopter engine plant at Leavesden, near Watford, in June this year, again with the loss of 2,000 jobs.



Even before these job losses were announced, unemployment in Hertfordshire, which had been as low as 2.1 per cent in November 1989, had risen by late last year to near the national average of more than 10 per cent, giving the county the dubious distinction of the fastest-rising unemployment rate in the UK. For a county which has always weathered UK downturns, it represents, in the words of Professor Neil Ruxton, Vice Chancellor of the University of Hertfordshire (formerly Hatfield Polytechnic) quite a somersault.

Nor has it just been the skilled and unskilled engineering workers who have borne the brunt of these job losses, taking the county unemployment total well above 40,000. The shake-out in the City of

London, where banks, insurance companies and other financial institutions have shed thousands of jobs, has hit the county badly. In St Albans, one in four of the unemployed is from a professional job.

The response, however, to the county's problems has been swift and well co-ordinated. With British Aerospace's difficulties already clear some time ago, the county council and the local Training and Enterprise council (Tec) commissioned a study, from accountants Coopers & Lybrand, of the economy's strengths and weaknesses. From this has emerged a new strategy and a body dedicated to promoting inward investment: the Hertfordshire Development Organisation (HDO).

The county's trip to Brussels brought in funds worth £0.7m from the EC's Perifer programme for helping regions destabilised by large-scale closures - money which will be supplemented by equal funding from the local authorities and the Government-funded Tec.

Where previously it had been difficult for developers to get the go-ahead for schemes, because of fears of over-heating the economy, key sites are now being brought forward and marketed. These include some very large parcels of land released from aerospace use.

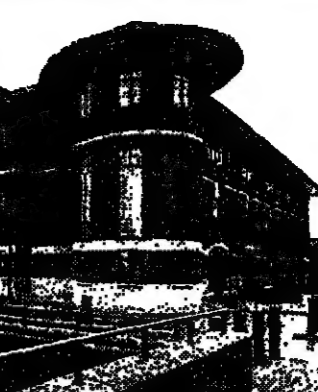
As part of another initiative, a range of organisations, including the chamber of commerce, the county, the university and the Tec, is behind plans for a One Stop Shop, operating from one central and a number of ancillary sites, which will offer support to new and existing businesses. This has now won funding from the Department of Trade and Industry, and is expected to begin operation before the end of the year.

The impact these efforts can make is, inevitably, a matter of some debate. Dr Al Raimo, co-director of the local economic research unit at the university, points to the county's history of relatively slow jobs growth in the 1980s, when it lagged

behind other south-east counties - the result, he believes, not just of restrictive planning policies, but of a culture of over-dependence on the then dominant aerospace and defence sectors.

He fears that individuals emerging from those industries will not have the entrepreneurial skills that the growing companies of the future will require, and that many of the new jobs that do come into Hertfordshire may pay less well than those being lost, with some erosion of pay levels also resulting from increased contracting out of operations previously handled in-house by big employers.

He is also sceptical about whether the county can hope to be more than moderately successful in attracting inward investment, in competition not just with other regions of the UK, able to offer grants and other inducements, but with the low-wage economies of eastern Europe. "Our expectation is that job growth will be disap-



Geographic location is on Hertfordshire's side as it seeks the inward investment that is needed to replace lost jobs. Three of London's airports are on its borders, and it offers fast road and rail links with other regions and with the ports.

Meanwhile, Hugh West (right), managing director of the HDO, cites Provident Mutual's site in Stevenage (above) as an example of what has happened in the past and will happen again

pointing and that many of the new jobs will not be as good in quality as those they replace," he argues.

The gloom of this view is challenged, however, by both the county and the HDO, which see plentiful signs of the county's continuing attractiveness, as well as some evidence that economic activity has already picked up and the rate of job loss announcements slowed down.

Many companies, according to Brian Briscoe, chief executive of the county council, want to be near London but not necessarily within it, and will continue to be attracted to Hertfordshire for its environment, its proximity to airports, its road and rail communications, and the wide range of information technology, engineering, managerial and professional skills it can offer.

Mitsubishi Electric is one example quoted of the sort of company which has successfully established itself in the county. Its UK sales, service

and warehousing are all located in Hatfield, where it will now be the largest industrial employer following the closure of British Aerospace. Nearby, in Welwyn Garden City, Rank Xerox is establishing its European headquarters. Another recent arrival, Nissan, last year chose Watford for its UK distribution headquarters.

Back-office operations continue to be attracted, too, with the latest, Provident Mutual, shortly to open a £40m new head office in Stevenage, where it will employ 900 people. The prospects for attracting large-scale manufacturing investment are less strong, but, according to Hugh West, chief executive of the HDO, there will be niche products for which Hertfordshire will be the most suitable location, because of skills developed by existing industries - for example, in new materials.

Great hopes are being placed, too, on the pharmaceutical industry and related healthcare field, already one of the county's biggest industries, and a sector set to grow even faster in the next century as medical advances accelerate and the population ages. At Stevenage, the biggest building project in the UK, apart from the Channel Tunnel, is under way for Glaxo. This will house an important research and development facility employing up to 1,500 people, including 800 scientists.

Even without this, Hertfordshire is one of the main centres for pharmaceutical research in Europe, with SmithKline Beecham, Merck Sharp & Dohme, Roussel-Uclaf, Roche and Astra Laboratories among the leading names drawn, along with Glaxo, to operate in the county because of its proximity to medical research in universities in Oxford, Cambridge and London and to the London teaching hospitals.

As part of the same development, the University of Hertfordshire has built up substantial expertise in medical areas. As well as attracting £1m of industry funding for a medical professorship, it has won contracts to carry out paramedical training and nursing training.

Continued on Page 3

A clear reflection of the successful business environment.



When Mitsubishi Electric started looking for a location for their new UK headquarters, there was no shortage of regions offering all kinds of financial incentives. Surprisingly to many, the choice they made rejected these financial lures in favour of a longer term strategy, centred on their need to establish a successful base for the development of their business in the UK.

Hertfordshire had no money to offer, but for Managing Director Neville Reynar, it had far more.

"For us, Hertfordshire offered the perfect business environment. It has an excellent communications infrastructure and good recruitment prospects. The business community is well established, premises and sites are in plentiful supply and there is a sense of green space in which to live and work, all on the doorstep of London. Quite simply, Hertfordshire provides a very dynamic and successful business environment."

Mitsubishi Electric, Nissan, Confederation Life, Tesco, Glaxo, Sanyo, Air Call, Rank Xerox and many other major companies have already made their home in Hertfordshire. If you would like to know what Hertfordshire can offer your business, please call Hugh West on 0438 750750 at the Hertfordshire Development Organisation, Titmores Court, Titmores Green, Hitchin, Hertfordshire, SG4 7JT.



HERTFORDSHIRE
DEVELOPMENT ORGANISATION

Photograph by Robert Branton

ITT

HERTFORDSHIRE 2

Aerospace and defence: David White traces the alarming loss of jobs

High flyers come down to earth

THE SQUAT white buildings of the aircraft factory on Comet Way - the old A1 - used to be the pride of Hatfield. They now have a sheepish look, eclipsed by the stark modernity of the Galleria shopping complex across the road.

Recession caught up with both last year. The Galleria went into receivership a year after opening, and British Aerospace announced it would stop making aircraft there after almost 60 years, with the loss of 2,000 jobs.

Manufacturing will cease at BAE's Hatfield site by the end of this year. At the Rolls-Royce engine plant at Leavesden, near Watford, it is due to end in June. The two plants were among Hertfordshire's biggest employers, figureheads of an aerospace and defence sector that has been at the core of industrial development in the county since before the second world war.

The decline can be traced back to the mid-1980s. A report two years ago by Mr David Kraitman, now principal economist at the University of

Hertfordshire, cited figures showing aerospace industry employment of just under 15,000 in the county. That figure was already down by a quarter from a peak of over 20,000 in 1985-86. Job cuts announced by large companies since then amount to a further cut of about a third.

A broader estimate from Hertfordshire County Council put the number of jobs in defence and aerospace five years ago at 30,000 or more. Cutbacks at groups such as BAE, GEC and Rolls-Royce have wiped out almost half that number of posts in the intervening period.

Hertfordshire still has a broad range of defence-related industries, including less well-known but successful companies such as Irvin Great Britain, a parachute maker belonging to the Hunting Group at Letchworth.

This concentration is something of a historical accident. Hertfordshire has less to do with the military than most other counties. It has no major defence installations other

than US communications relay stations at Bovingdon and Barkway, near Royston. An airfield at Nuthampstead, in the north-east of the county, was used by American Flying Fortresses in the war, but there are no bases today.

The industry grew around de Havilland, which moved its aircraft and propeller manufacturing from Edware to Hatfield in 1934. An engine factory, set up on the far side of the airfield, developed into a guided weapons centre in the 1950s.

In 1959 the de Havilland name disappeared when it was bought up by Hawker Siddeley, and in 1978 was nationalised as part of BAE.

The plant was the original manufacturing site for the BAE 146 regional jet, but its involvement was reduced well before

the closure decision. With the setting-up of Avro International, a joint regional jet venture between BAE and Taiwan Aerospace Corporation, Hatfield's remaining production work is being transferred to Woodford in Cheshire. No more than 200-300 jobs are expected to remain, in design of corporate jets and in London Business Aviation, which operates the airfield.

The guided weapons side, BAE Dynamics, which employed 2,200 at Hatfield, closed down in 1989. That site, now in the hands of BAE's property subsidiary Arlington Securities, is being developed as a business park.

Its activities - weapons - were moved to Stevenage, but jobs there have also been sharply cut back. The guided weapons factory at Stevenage,

originally an English Electric plant set up in 1955, employed about 5,000 after the closure of Hatfield. But with the loss of assembly and manufacturing activities the number has since shrunk to 3,100.

Across the road from it, BAE's space facility - another legacy from de Havilland and the UK's only builder of commercial satellites - last year shed just over half its workforce of 1,200.

Rolls-Royce's helicopter engine factory at Leavesden is due to shut down completely in June. Also going back to de Havilland days, it has been on the closure list since 1991, when it still employed 1,750 people. Its work, which has suffered a sharp fall in recent years, is being transferred to Bristol. GEC-Marconi announced two

years ago it was closing its research and development facility for underwater systems at Croxley Green, affecting 300 jobs. But other branches of GEC-Marconi employ about 900 at Borehamwood in a variety of activities, mostly in defence.

Marconi Instruments, a separate subsidiary of the GEC group involved in electronic test and measurement equipment, has its headquarters at St Albans and a site at Stevenage, together employing about 800. Mr Peter Smith, managing director, says a move away from manufacturing over the past four years, with the loss of about 30 per cent of the workforce, has led to increased emphasis on its Stevenage R&D operations. Activity is mostly geared to civilian markets, although the

company's products also have military applications.

Lucas Aerospace's power systems division at Hemel Hempstead has also cut back over the past couple of years to its present workforce of 690. The factory, which moved from Willesden in the later 1960s, makes electrical generating systems and small gas turbines for aircraft such as the Tornado and Harrier.

A survivor from successive takeovers and reorganisations is Hawker Siddeley Dynamics Engineering, based at Welwyn Garden City. Making control systems for gas turbine engines and gyroscopes and other systems for ships, it escaped the nationalisation of Hawker Siddeley's aircraft and missile businesses. Last December, a year after the takeover of Hawker Siddeley by BTR, it declared its independence through a management buy-out. It is now looking to non-military outlets to increase its £20m annual turnover. The company is halving its total workforce of 520. But Mr Ian Johnston, managing direc-

tor, says its Hertfordshire operations will suffer the least from these cuts, with about 150 jobs likely to be kept at Welwyn and 60 at Watford.

"We have retrenched into Hertfordshire to a large extent," he says.

The company's plans confirm a trend away from manufacturing and towards research, development and software. This is clearly the case at BAE's remaining activities and at GEC. One result of this change is that fewer employees in aerospace and defence-related industries live near the plants. Stevenage-based BAE Dynamics says its catchment area is now spread throughout Hertfordshire and further afield.

The sector was always closely identified with the development of Hertfordshire's new towns after the war - Stevenage, Hemel Hempstead, Hatfield and Welwyn. But this relationship is now being doubly distorted: there are far fewer employed in the sector, and a smaller proportion have their homes in the new towns.

EUROPE's leading centre for pharmaceuticals research and development is not Basle, home of the Swiss giants, Ciba, Roche and Sandoz. It is Hertfordshire.

Four of the world's biggest drugs groups, Glaxo and SmithKline Beecham of the UK, Roche of Switzerland and Merck Sharp & Dohme of the US, employ between them about 5,500 workers in the region.

Hertfordshire's importance as a centre for drugs manufacturing has declined in recent years as land prices have increased, but its importance as a centre for research and development has increased.

By 1995, there will be about 3,500 R&D pharmaceutical scientists in the county, according to a recent report by the South East Economic Development Strategy. In 1990, the Association of the British Pharmaceutical Industry estimated there were 16,300 R&D drugs employees in the UK.

Increasing government pressures on the industry's prices and profits are likely to lead to rationalisation first and foremost in manufacturing and then marketing. But only the weakest companies - among which Glaxo, Merck, SmithKline Beecham and Roche do not figure - will be forced to cut R&D.

Glaxo has been the European leader in rationalising

manufacturing facilities, but decided to concentrate some of its secondary manufacturing at Ware, suggesting this site is safe as a production location.

Glaxo, Europe's largest pharmaceuticals group and the largest drugs employer in the region, has made the most important R&D investment in Hertfordshire in recent years. The group, the world's biggest R&D spender, is building a £500m research campus, designed to house 1,500 staff. By 1995, the company expects to employ 1,000 people in manufacturing at Ware, and a further 1,200 for drug development at the same site, on top of the 1,500 at Stevenage.

The 75-acre Stevenage site, comprising 10 main buildings, will be the Glaxo's largest research centre in the world. The campus will be used to seek treatments for cancer, heart attacks, arthritis, AIDS, and diseases associated with ageing.

Meanwhile, SmithKline Beecham, the Anglo-American group, remains the second largest pharmaceutical employer in the region with about 1,700 employees. Its UK pharmaceutical headquarters is at Mundells, in Welwyn Garden City, a legacy of SmithKline & French's move to the area in 1959.

The company no longer manufactures in the area, having closed its facilities last year following the merger of the US

Pharmaceuticals: the sector has deep roots in the county, says Paul Abrahams

Increased emphasis on R&D

group SmithKline Beecham with Beecham of the UK in 1989. SmithKline Beecham says it wanted to concentrate its manufacturing operations at two sites, Crawley and Worthing. However, it still distributes products from warehouses in the Hertfordshire region.

SmithKline Beecham's remaining facilities include the R&D centre at the Frythe site, in the village of Old, where about 500 people are employed.

Merck Sharp & Dohme, the world's largest pharmaceuticals group, has its UK headquarters at Hoddesdon, where about 950 people are employed.

Da Pont Merck, Merck's joint venture with Da Pont of the US, has its European headquarters in Watford. A number of smaller groups also have branches in the region. They include Astra Pharmaceutical, a subsidiary of the Swedish group, which has its UK sales and marketing base at Kings Langley, and Sero Laboratories, part of the Geneva-based Ares-Serono, which has its marketing wing at Welwyn. Schering-Plough, the US

group, plans to move its UK headquarters from Mildenhall, in Suffolk, to Welwyn Garden City later this year.

Not all of the traffic has been one way, however. In 1981, Smith & Nephew decided to move some of its operations to Romford in Essex, where it was already manufacturing. It is also moving operations from Gillingham, Hertfordshire, to York.

The reason for the concentration of pharmaceuticals activity in Hertfordshire is a combination of historical accident and the county's natural advantages. Many are located there because they acquired businesses in the region. SmithKline Beecham's pres-

ence can be attributed to its takeover of A.J. White in 1956, for example.

Roche has had operations in Welwyn Garden City since 1937. One of its four international research centres is based there. Dr Jürgen Dreves, head of Roche's international R&D, says the Welwyn site is in charge of Roche's research into herpes and HIV, the virus that causes AIDS, as well as some inflammatory work.

The site also contains the UK head office, general administration, and sales and marketing. Some 300 people are involved in manufacturing. Roche Nicholas, the over-the-counter non-prescription drugs business, is also based there.

as well as the recently acquired businesses from Fisons.

The company was attracted by the availability of land, easy communications with London, and plentiful and skilled labour, according to Mr John Bennie, head of personnel and administration for pharmaceuticals at Roche Products, the Swiss group's UK subsidiary.

"Those reasons still hold true today, apart from the availability of land," says Mr Bennie. Communications are still good, with travelling times of 45 minutes to Heathrow airport if the M25 motorway is clear. Stansted, although geographically

closer, takes about the same time to reach.

Labour shortages, acute five years ago, have become much less of a problem because of the recession. Attracting skilled scientists has become less tricky since house prices have fallen.

Nevertheless, the recent South East Economic Development Strategy study suggested that there were still difficulties in recruiting people with appropriate skills, training and experience, although it added companies were insisting there was no crisis.

Glaxo said the shortages were caused by a declining number of young people, as well as fewer being interested in science. Many local schools had also tended to teach engineering-orientated subjects for the aerospace sector, the dominant local industry.

One final attraction for many former North London employees, says Mr Bennie, is

the proximity of Tottenham Hotspur and Arsenal football clubs, although he admits this was not a reason why Roche concentrated its activities in the area.

The South East Economic Development Strategy report also cites the proximity of the county to the UK department of health and leading teaching hospitals in the south east, as well as easy access to the universities of Oxford and Cambridge.

Given the strength of the pharmaceuticals industry and its roots in Hertfordshire, the sector should prove an important counter-weight to the decline of the aerospace sector in the future.

"Health and Wealth? The development of the pharmaceutical industry in the south east, focusing on the Hertfordshire sub-region, by Michael Breheny et alia. South East Economic Strategy. Tel 0274 44 64493.

Networks: Rhys David explains the new awakening

Ideas pooled to win jobs

The new University of Hertfordshire, having emerged from the chrysalis of Hatfield Polytechnic, has also involved itself in local economic initiatives, in order to establish its county-wide credentials; another main element, playing an important co-ordinating role, is the Hertfordshire Chamber of Commerce, which has most of the county's important industrial and service companies in membership.

Since the mid-1980s there has also been a substantial growth in financial services, with firms such as KPMG Peat Marwick, Price Waterhouse and Hambros moving in, mainly to St Albans, to provide sophisticated services previously available only in London. As they build up contacts across the county, these firms have themselves become nodal points on the Hertfordshire network.

The first tangible result of this new spirit of co-operation has been the Hertfordshire Development Organisation (HDO), a partnership between local companies, the county and district local authorities, and the Tec. The last will itself seek to act as a bridge, linking companies which might want to come to the county with the relevant planning bodies and with developers. Particular emphasis is being placed on winning firms in areas where the county is already strong, such as computers, office equipment, telecommunications, pharmaceuticals, and financial and business services.



Herts desire: Adbury village

needs of all businesses but especially those employing between 10 and 200 people, and start-ups.

It is planned that other economic agencies in the county will move to the site, which will also have out-stations in other centres linked over the county's Connnet voice and data transmission system.

Independently, the county council has been trying to ensure, under chief executive Brian Briscoe, that it responds more effectively to the needs of businesses - and also makes known to them the opportunities they have to supply the £250m of goods and services the local authority consumes each year.

A Business Forum, set up jointly with the Tec, enables larger businesses, local chambers, enterprise agencies and others to make their views known, at regular meetings, and to influence the way support is provided.

Another initiative, the business charter, is designed to strip away the bureaucracy which many businesses find in their dealings with local authorities, which can very often obscure the services and information on offer. The most common concerns of businesses have been grouped under a series of headings - regulation, education, purchasing, roads and transport - and hotlines set up to deal with inquiries in these fields. As a result, businesses will be able to find out quickly how county

policies and Government and EC regulation are likely to affect them, and how they can have input into decisions.

Just how effective the development of this new, closer relationship between all parties involved in Hertfordshire's economic life proves, remains to be seen, though the efforts of both the county and the Tec have drawn praise from business leaders. The change, according to Gerry Hopkinson, until recently senior partner at KPMG Peat Marwick in St Albans, has been marked: "The county has changed from lack of interest in business to being very keen to talk. Together with the Tec, it has persuaded businesses in the county to network very effectively," he says.

Other structural problems remain. They include a disturbing lack of interest among local companies in exporting, according to Chris Humphries, managing director of the Tec; and continuing difficulty in obtaining long-term bank finance for small and medium-sized companies, particularly the owner-managed, which is forcing companies to operate on a short term basis. "The banks are not lending for risk. If small companies are to lead us out of the recession, lending has to begin again," argues Howard Wilkin, senior partner at accountants, Mercer & Hole.

Paradoxically, by the time the results are showing through, the county as an administrative authority might not exist, for its demise is scheduled under current government plans for 1998.

It may just be, however, that by then its unifying influence is not missed, a different Hertfordshire identity having been forged out of the recessionary problems of the past few years.



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مكاتب التوظيف

Property: office rents have dived by as much as 40 per cent, reports Anne Steadman

Sites identified for overseas arrivals

THE LATE 1980s property boom, which outside London centred on the M4 corridor, rippled north-east into Hertfordshire. Jeremy Needs, a director of Hitchin-based developer Hunting Gate, aptly sums up what happened in the property market: "Hertfordshire caught the Heathrow disease."

The result is that the Hertfordshire Development Organisation (HDO), the body set up under the county's Partnership for Prosperity programme last September, estimates that there is now some 150 square metres of vacant office and other commercial space within the area. Office rents throughout the county have plunged by as much as 40 per cent, according to surveys, Weathersall Green & Smith.

Landlords are not only hav-

ing to slash rents (if, indeed, official quoting rents still apply in this market), but also to offer incentive packages. These include rent-free periods, contributions towards fitting out and even, in some cases, taking on a tenant's existing lease commitments.

By general consensus, the best rent in Hertfordshire was achieved in the 1980s relocation to Watford of Rhine-Poulenc, which took 53,000 square feet in Kumagata Gumi/Ranelagh's Central Park at marginally over £30 a sq ft. In contrast, today Legal & General Property and Hunting Gate are seeking £22 a sq ft for their high specification 78,000 sq ft Edward Hyde office development in Clarendon Road, Watford. It has been completed and empty for 18 months.

The HDO, however, is drawing up a marketing plan that will spread the net much wider, targeting inward investment from overseas companies. It is likely that incoming companies will require business park-type accommodation; and, to ensure that there will

be a good choice of locations, the HDO has identified five strategic sites in the county, all currently at different stages of development.

Most advanced is Marchmont's Kings Park, a 22-acre site adjoining the railway station at Stevenage. With space for 800,000 sq ft of business space, the site is already landscaped, with infrastructure in place - and the developer is willing to begin immediate construction for an occupier. The other sites are at Cherry Tree Lane, Hemel Hempstead;

the Rolls Royce site at Leavesden, near Watford; Essex Road, Hoddesden; and the British Aerospace site at Hatfield.

The 57-acre Cherry Tree Lane site, at Junction 8 on the M1, is owned partly by the Commission for the New Towns and partly by the Crown Estate. Mainly greenfield, it has been earmarked by the planners for business and industrial development. However, its availability will depend on the provision of a new access road.

Construction of a bridge over

a railway is needed, to facilitate development at Essex Road, Hoddesden. This 30-acre site, designated for general industrial and warehousing, is owned by Powersen, Redland and the Department of Transport. Rolls-Royce is to vacate the 60-acre Leavesden site at the end of June, and development will be for mixed use: offices and R&D.

These first four sites are, however, dwarfed by the British Aerospace site at Hatfield, where there is potential for some 300 acres of development.

British Aerospace property subsidiary Arlington is busy at the 82-acre former BAe Dynamics site, which has planning consent for 960,000 sq ft of mixed uses - offices, light industrial, general industrial and warehousing.

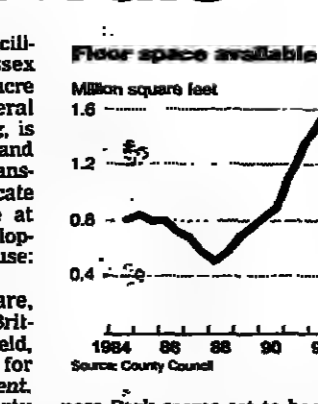
Already a 78,000 sq ft depot for Royal Mail's Streamline Parcels has been completed on a design-and-build basis. In addition, BAe's purpose-built conference centre - which was never used - has been sold to the University of Hertfordshire. Work is under way on the simultaneous demolition of buildings and provision of new infrastructure, both scheduled for completion in November.

A further 100 acres will become available with the closure of BAe's Comet Way jets area. Giles Thomas, of agents Strutt & Parker, says Arlington is looking at the planning implications, and also at short-term alternative uses. He says there are signs of further interest from potential occupiers, with three serious proposals before prospective tenants.

Although the Hatfield Bus-

ness Park seems set to become Hertfordshire's largest, Hunting Gate and Allied Dunbar's 55-acre Shire park at Welwyn Garden City must rank as one of the most successful so far. A total of 400,000 sq ft is now built and occupied by companies, including ICL, Digital, Nexus and Aircell. In addition, Warren Spring laboratory, the government's principal environmental technology laboratory, has taken a 10-acre site. Its new facility is due for completion in spring 1995. A further 125,000 sq ft in four buildings is available in a second phase at Shire Park; and joint agents, Gooch & Wagstaff and Jones Lang Wootton, are indicating rents of around £23 a sq ft.

Little industrial property development is currently being undertaken in Hertfordshire, although the level of industrial oversupply is far lower than that of offices. One of the largest current industrial/warehouse developments is Burton Property Trust and IBM Pension Fund's City Park, at Welwyn Garden City, where only



three units remain.

More recent occupiers at the 230,000 sq ft project include Haking International (UK), the world's largest manufacturer of cameras and binoculars, which bought a 23,000 sq ft unit for £2.1m, and Parcel Force which took a lease on a 27,000 sq ft unit.

The Hatfield Galleria, put up by Carroll Group subsidiary Al Galleria Investment Corporation, was one of the most spectacular retail casualties in the recession. Now in receivership, the future of the 400,000 sq ft shopping centre is unclear, though it continues to trade.

Besides the dramatic construction cost over-run, another of Galleria's problems was a restrictive user clause, effectively preventing the centre from competing with the fashion draw of Slough Estates' much more successful 216,000 sq ft Howard Centre, at Welwyn Garden City. The two centres fall within the same borough, and Slough successfully sued the local authority for failing to enforce the user clause at the Galleria.

The only other major shopping centre to open in Hertfordshire during the past two years - again in the south of the county - was Capital & Counties/Sun Alliance/Watford Borough Council's Harlequin Centre, Watford. At 700,000 sq ft, it is one of the biggest in the UK. The last of the three phases of the £100m project was completed last summer, and this 200,000 sq ft section has attracted a flurry of lettings to fashion retailers, including River Island, Hennes, Stirling Cooper and Miss Selfridge.

The almost-completed M1 link road, which gives the centre direct access to the motorway network, will upgrade its status, the developers hope, to that of a regional shopping centre.

Employment in Stevenage is moving to the services sector

Mutual encouragement

STEVENAGE, the first of the new towns, has seen its employment base undergo a significant change since the beginning of the 1980s, writes Anne Steadman. Traditionally a manufacturing town, the emphasis has shifted in recent years towards the services sector.

But, although the proportion of manufacturing to services jobs has moved from 55/45 per cent to 35/65 per cent during the period, the total number of jobs, at around 35,000, has remained fairly constant.

In common with other Hertfordshire towns, Stevenage has had to bear its share of the burden of the decline in the defence industry. Two divisions of British Aerospace, Space Systems and Dynamics, are located within its Gunnels Wood industrial area, but the town has also had considerable success in attracting inward investment in the past few years.

One recent success is the new £40m head office of Provident Mutual, which will be officially opened on May 26. The complex of three interlinked buildings provides a total of 200,000 sq ft of offices, of which all except 30,000 sq ft will be occupied by Provident Mutual's 850 staff.

The company began moving personnel out of its original base in Moorgate, in the City of London, in the mid-1980s, first to Hitchin. Pressure on space



Stevenage had the UK's first purpose-built pedestrianised town centre

led to expansion into Stevenage, where eventually more offices were taken.

The decision to stay in the Stevenage area was based on several considerations. Transport links, says Ian Cartwright, Provident Mutual's administration services manager, are excellent, particularly the high-speed 125 rail service into Kings Cross. In addition, the company has forged firm links with local schools, which offer good recruitment potential.

There is also a good range of housing - both in Stevenage itself, where prices are as cheap as anywhere in Hertfordshire, and in the surrounding villages - a factor which influences recruitment from outside the area. Added to this, Provident Mutual had developed a good relationship with the council.

An even bigger boost for Stevenage has been Glaxo's decision to locate its European research campus in Stevenage, on a 76-acre site in Gunnels Wood. There is also a site of 25-acres for further expansion, should it be needed.

Glaxo was looking for a large site with good access to road, rail and air communications, says Richard Sykes, chairman and chief executive of Glaxo Group Research.

Stevenage also had the UK's first purpose-designed pedestrianised town centre. An indoor shopping mall, Norwich Union's, Westgate Centre, has

been added, bringing town-centre retail space up to 1m sq ft. Most of the major high street multiples are represented, but the original part of the town centre has begun to look rather tired.

As part of its on-going plans to promote and sell Stevenage, the council plans improvements to the town centre and to the walkways which form the access routes from the station.

Recladding of the leisure centre, along with improvements to the footbridges, is also a priority. The council is committed to putting up some of the cash for the improvements, but is also looking for input from the private sector.

Response from retailers and landowners has been positive so far, says Elizabeth Wilson, Stevenage's head of development and planning. The council is also considering some form of town centre management, again in partnership with the private sector.

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Stevenage also had the UK's first purpose-designed pedestrianised town centre. An indoor shopping mall, Norwich Union's, Westgate Centre, has

Letchworth, the original garden city, is leaving the public sector

A new leaf for the textbook town

LETCHWORTH, the world's first garden city, still features strongly in textbooks in numerous languages.

And last year alone, the Garden City Corporation - the public body formed by Act of Parliament in 1963, to replace the original First Garden City Ltd, set up in 1903 to buy nearly 4,000 acres - played host to no fewer than 500 visitors from 23 countries.

Once again, however, the corporation's future is before parliament. A private bill, to allow the corporation to become a heritage foundation (an industrial and provident society with charitable status) had its first and second readings in the Commons in January, and will begin its committee stage next month. Royal Assent is expected early next year.

The corporation was asked by the secretary of state for the environment to come up with plans to leave the public sector. The heritage foundation option was chosen because it will maintain the corporation's tax-exempt position, enabling it to continue to plough back revenue from its estate into the town in the form of grants and community facilities. It will also allow flexibility in the management of the estate, and protect it against commercial takeover.

Local opinion appears broadly in favour although

there have been nine petitions against the bill - one from the Letchworth Leaseholders and Freeholders Association, and others from individuals, most of whom are connected with the same organisation.

From the very early days, Letchworth, which now has a population of around 33,000, grew and flourished, enjoying full employment. Then came the early 1980s recession. Unemployment quickly reached 13 per cent as the four major engineering and manufacturing firms that had formed the focus of the town's employment - ICL, Shelveke & Drewery, Borg Warner Automatic Transmissions and Kryn & Laby - scaled down their operations, or left.

Faced with this unforeseen crisis, the Garden City Corporation was forced to review its policy. The resulting strategy remains in place today: the town could no longer rely on a handful of large employers. A good spread of smaller and medium-sized businesses would provide a more stable employment base. In addition, a more hands-on management role was called for, helping new businesses to set up; nurturing and looking after existing ones and responding to their needs.

As a first step, a corporation-funded business centre was established in 1981 to give free advice and other assistance to those wishing to start new

businesses, and a variety of small units to rent were provided on the estate. Then, as the strategy began to bear fruit - and corporation chief executive Andrew Egerton-Smith points out that, until the current recession, Letchworth prided itself on a business start-up rate way above the national average - it was decided that larger units were needed.

In the mid-1980s, a site was acquired with PostTel, and development began of what is now the Letchworth Business Park. Occupiers now include Du Pont Pharmaceutical, John Taux, Barron McCann, Unichem, Tesco Computer Centre and Sainsbury's. The park also accommodates a new business centre, with free advice on offer.

The Letchworth Business Club was formed in 1986, and now has 400 members. It is widely-regarded as one of the most successful of its type. Meetings are addressed by high-profile speakers, but the club also provides a forum for business discussion and encourages trading between members. It has links with training, cultural and educational organisations, and is expanding its contact area to assist other business clubs in the south.

Typical of Letchworth's flexible approach and determination to grow its own employment base is Fernmark, a supplier of brasseries to Marks & Spencer. The company moved to Letchworth in the late 1960s from London's east end. Fourteen years ago it had just 60 staff; today it has 450, including 100 new recruits in the past few months.

Fernmark's production director, Peter Griller, says that, over the years, the corporation has made several additions and alterations to the factory and, more recently, added an attractive facade. Now, with the company once again outgrowing its 25,000 sq ft premises, the corporation is refurbishing the nearby factory unit, which will house its packing and warehousing operations, leaving production at its existing site.

A more recent Letchworth recruit is Altro, which manufactures industrial safety flooring. Its products are in use at, among other sites, 10 Downing Street, Wembley Stadium, the White House, Melbourne Cricket Club and the Q&A.

The company moved on to the garden estate in 1988, acquiring a 120,000 sq ft building which has been upgraded and refaced. It subsequently moved its car valeting subsidiary Autogym to an adjoining building, and recently took the opportunity of adding the building on the other side for future expansion. Altro has expanded during the recession, turning in record results - pre-tax profits of £3.3m (£3.1m) on turnover of £36.6m (£32.4m) for the year to September 1992.

Chief Executive Michael Fincham says that, when the company moved from Hertford, it looked as far afield as Leeds and Bradford in its search for a new base. Plus-factors for Letchworth, besides the pleasant living conditions, included its excellent communications - close to the A1 and M1, airports and the rail services - and the businesslike attitude of the Corporation.

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NOT JUST A RESORT - A ROCK RESORT

Positioned for recovery

Continued from first page

It hopes these can be the stepping-stones to a post-graduate medical school, which could link in with other supporting disciplines in medical electronics and bio-sciences, and with the important medico-legal work carried out by its law department.

The impact of these developments lies some way in the future, and the rest of the 1990s look like continuing to be much more difficult for prosperous Hertfordshire than the gilded decade before. With its many advantages, compared with more distant locations, it is hard, however, to see Hertfordshire failing to adapt to changing economic circumstances, despite the shocks it has suffered.

Hugh West, at the HDO, points to the site in Stevenage which Provident Mutual has occupied as an example of what has happened in the past and will happen again. Less than 50 years ago, it housed heavy engineering, then switched to sophisticated defence activities which have in turn now made way for financial services.

Whatever its current problems, is Hertfordshire's good fortune to be in a part of the country where such changes can take place.

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BUSINESS AND THE ENVIRONMENT

Zibane Mazibuko illustrates one of Africa's rarest clichés: he is a poacher-turned-gamekeeper. Not long ago, this 33-year-old Zulu with broken teeth and ragged clothes, who speaks seldom and smiles less, was poaching game from the Phinda Resource Reserve in South Africa's Natal province.

Today, he says his future depends on keeping the animals alive: for they attract the tourists who bring scarce cash to this forgotten corner of rural Zululand. Thanks to them, Mazibuko has landed a contract to make 150,000 bricks for the new Phinda game lodge; he reckons he can earn R1,500 (£370) a month from his new business, far more than he could bag as a poacher.

The owners of Phinda, the South African-based Conservation Corporation, could not have paid for a better advertisement for their philosophy of wildlife conservation - a people-based approach to conservation, which is slowly gaining ground in Africa as game reserves come under ever greater threat from hungry, poor and angry local populations.

Kevin Leo-Smith is manager of Phinda and a director of the Conservation Corporation. He and his colleagues - brothers Dave and John Varty, who have already made a fortune from their brand of ethically-sound conservation - believe they have found a model to guarantee the survival of wildlife in Africa.

"The old notion of a game reserve where you put up a fence and chuck the people out is flawed," says Leo-Smith. "You need to make sure the cash flows through that fence." Local people must share not only the natural resources of the reserve - they must be allowed to gather wood for cooking, grasses for thatching, palm sap for wine-making and indigenous herbs for use by witch-doctors - but they must benefit from its development.

"We're aiming to use the economic 'exciter' of the lodge to attract [development and investment] funds, and make sure they get circulated locally so that local people understand that their future is invested with us - and that gives them an interest in conservation," Leo-Smith concludes.

In other words, they intend to turn all the poachers into honorary gamekeepers. The alternative, says Leo-Smith, is untenable: to live in a perpetual state of siege, keeping poachers out by force (the status quo in most other African reserves).

So the motivation for Phinda is more practical than ethical: and therein lies its best chance of success. For Leo-Smith and the Vartys practise a capitalist approach to conservation. They believe conservation can and must be made to pay - especially in South Africa, where

The owners of a Natal game reserve believe conservation can only work if it pays, reports Patti Waldmeir

Preserving a profit



Poacher-turned-gamekeeper, Zibane Mazibuko and the bricks he makes for Phinda

a new black government will probably divert subsidies from state reserves (widely viewed as white playgrounds) to fund black social development.

Conservation Corp has raised R85m in equity funds, 40 per cent of it from foreign investors such as Hambros Bank and the Getty family trusts, to invest in Africa's undervalued wildlife assets, which they argue can be exploited to produce returns which are attractive and ethically sound.

That means making not only tri-

ditional "social investments" in surrounding communities - building schools, clinics and housing for employees - but, more importantly, providing venture capital for local businesses which must prove commercially viable to survive. Phinda's managers know charity is a poor substitute for sustainable development: they will provide management training, marketing advice, cheap loans, equity where necessary - but the entrepreneurial drive must come from the community.

Mazibuko, the brickmaker, is only one of Conservation Corp's pilot entrepreneurs. When he was caught poaching, he was so poor he could not pay the fine imposed by the local tribal court: one cow, the currency of rural Zulu society. So he worked off his sentence making bricks for the reserve. Later, Phinda set him up as an independent brick-maker, with two rudimentary moulding machines and a contract for the new lodge. Phinda provides the raw materials, and passes all the profit (2 cents per brick) along to Mazibuko, after a 1 cent per brick repayment on the machinery. He pays his labourers out of profits and dreams of expansion once the lodge is built. Phinda gets bricks over a third cheaper than from commercial suppliers.

Not far from Mazibuko's brickworks, Thomas Nkomo - another reformed poacher - makes charcoal according to a traditional African method. Where before he stole wood from the reserve, now he clears unwanted bush for Phinda, and uses it to build a six-foot high circular pyre. The pyre smoulders for 17 days, yielding 800 kg bags of highly marketable "environmentally-friendly" charcoal.

Nkomo's equity partner, a Phinda game ranger, sells the charcoal for R3.40 per bag. It costs R1.20 to produce, with costs held down further by the fact that Nkomo's labour is paid through a drought relief scheme funded by a local development agency.

But if charcoal and brickmaking are at least marginally viable, Phinda's Souda entertainment centre could prove really lucrative. Phinda sold 168 R100 shares in Souda to finance (with the help of a R25,000 interest-free loan) a centre where, for a nominal fee, employees can enjoy soccer, karate, body building and ballroom dancing, buy take-away food and drinks and have their photo taken by a local photographer.

Phinda aims to ensure that Souda shares pay an 80 to 100 per cent annual dividend, to popularise the idea of share ownership in a hostile environment; loan repayments will be deferred until the project makes sufficient profit.

Leo-Smith admits that Phinda does not put large amounts of its own money into these schemes, though he says the reserve supports 10 per cent of the local population (directly or indirectly). But Africa is littered with large and expensive development schemes which, inevitably, fail: spending small sums well, on commercially viable development - the Phinda method - is far more difficult than pouring shareholder funds into charity projects which do more for the donor's self-image than for the recipient's prosperity.

WORLDWIDE WATER

Tide of anger rises at the cost of clean living

Ariane Genillard on sewage laws and reunification



HERBERT Losen from Königswinter, a sleepy town on the Rhine, has bitter words to say about water pollution controls in Germany.

Already paying a high price for drinking water, he now faces heavier taxes for sewage treatment. With some of the most stringent environmental laws in Europe coming into effect and public finances under strain, Losen and other German citizens find they have to foot a heavier than expected bill for a clean Germany, especially with the costs of reunification.

"Environment is our national ideology. It is completely political and economics have little to do with it," says Losen, who is also Königswinter's finance director. His annual Anglo-German parliamentary seminars, once took all its water from the Rhine and returned it there. Today, despite recent announcements that 50 species of fish are once again swimming there, the Rhine remains too polluted to be used as drinking water along much of its length.

Instead, the town takes its water from the hills, and households pay some of the highest prices in Europe. Waste water ends up in sewage plants, which have to meet ever stricter anti-pollution requirements.

As tougher environmental laws bite, Königswinter faces massive investments in water infrastructure and waste water treatment. Like other municipalities in Germany, it has been fighting a bitter political battle to gain time and ease legislative pressure.

With six river basins, a humid climate and Europe's two largest rivers running across its territory, Germany hardly faces water scarcity. Instead, water management efforts have focused on the legal protection of existing sources against pollution.

Germany has some of the toughest environmental laws in Europe and has been at the forefront of

efforts to promote similar directives in Brussels to gain Europe-wide implementation for its anti-pollution standards.

Concern for the environment grew in the 1960s and 1970s with fears that pollution control was being outpaced by the country's fast post-war re-industrialisation and it is now an important issue for all German political parties.

Recent environmental laws have been very successful in reducing water pollution. Following the introduction of the 1975 Washing and Cleaning Agents Act, which means detergents contained in washing products must be 90 per cent biodegradable, products containing phosphate have almost disappeared.

In 1957, the Federal Water Act

The state coffers are empty because we have to pay for east Germany as well

laid down anti-pollution controls whose standards are far stricter than anything found in other countries. Recent amendments on waste water are forcing sewage plants to have not only mechanical and biological water treatments, which clean an estimated 85 per cent of waste water, but also very complex new chemical treatments.

Between 1970 and 1990, local authorities spent more than DM100bn (€40bn) on the construction, extension and overhaul of the sewage system and treatment plants. More than DM12bn is spent annually on effluent disposal.

In the 1990s, compliance with these requirements by all municipal and industrial treatment facilities will still require considerable investment by local authorities and industry. Municipal sewage plants alone are likely to cost more than DM10bn in west Germany and more than DM40bn in the east. Similar investments are

needed to extend the sewage system. An estimated DM60bn to DM70bn is required for maintenance and repairs on existing sewers.

For industry, these requirements translate into charges for remaining pollutants which have more than tripled between 1981 and 1991 and are expected to be twice today's level by 2000.

Households pay their share. By the end of the decade, Losen, who pays DM1,200 of his annual taxes to help provide sewage plants, expects this charge to double. And to implement the law on waste water treatment, Königswinter, with 41,000 inhabitants, will have to find an estimated DM40m in the next two to three years to upgrade its existing sewage plant and a further DM130m to link all households to it by 2000.

Until 1993, state subsidies covered between 30 and 40 per cent of investment in new plants and large infrastructure projects connected to water management. Since the beginning of the year, these subsidies have been abolished in most Länder (states). "The state purses are empty. Who will pay now?" says Wilfried Teuber, state official responsible for water management at the federal environment ministry.

Another problem hindering lower costs is the lack of competition, explains Teuber. Most water management in west Germany is handled by state enterprises run by municipalities, though in the east foreign companies such as Lyonnaise des Eaux de France tender for local contracts.

The federal environment ministry estimates that DM100bn is needed to clean up polluted waters and implement existing anti-pollution standards in east Germany where pollution controls were ignored in the communist era.

For Losen, the additional taxes he will have to pay for waste water treatment add to the list of financial burdens he and other west Germans must pay for reunification. "The state coffers are empty because we have to pay for east Germany as well," he says.

PEOPLE

Jonathan Charkham to retire

Jonathan Charkham, a leading authority on corporate governance both in this country and abroad, is retiring at the end of June from his position as adviser on industry to the governor of the Bank of England.

A barrister by training, 62-year-old Charkham had been at the Bank for twelve years. His first task was a secondment to set up ProVED, the organisation aiming to promote the role of non-executive directors. He returned in 1985 to take up his current assignment.

A member of the Cadbury Committee, his international reputation was underscored last year when he became the only foreigner to sit on the US President's sub-council on Cor-



moving to Whitehall where he was later responsible for setting up the Public Appointments Unit, the central advisory body service in this field for civil servants.

He has written a book "Keeping Good Company" dealing with corporate governance in Germany, Japan, France, the US and UK, which is due to appear at the beginning of next year.

Charkham is not being directly replaced within the Bank. Instead, director Pen Kent will become the senior point of contact with industry, with both the new governor, Eddie George, and the new deputy, Rupert Pennant-Rea, also taking a keen interest.

■ Roy Allen, director of BICC Cables International Division, has been appointed to the board of BICC CABLES.

■ John Parry, chairman of the Forest Products and Lambates division, has been appointed to the main board of MEYER INTERNATIONAL.

■ Robert Mahler, formerly a deputy md of the gas turbines division and md of European Gas Turbines, has been appointed md of GEC ALSTHOM's power transmission & distribution division on the retirement of Roger Bensussan.

■ Nick Boye, md of Innovata Biomed, has been appointed to the parent board, M.L. LABORATORIES.

■ Bill Hulton, a former director of Hoare Govett, has been appointed to the supervisory board of POLYGRAM NV.

■ Richard Davies, formerly operations director of The FROST GROUP, has been appointed developments and estate management director, while Keith Evans takes over part of his former responsibilities as operations director of the Save Service Stations subsidiary.

■ Alan Mellor has been appointed chairman of RONCRAFT, a vice-president of its parent L&F and regional director for Europe and Africa; he is replaced as md by Paul Barrow.

■ Steve Hannon is promoted to become distribution director of ROYAL MAIL following the retirement of Mike Beer. ■ Jon Marx, formerly with CarnaudMetalbox, has been appointed md of LOW & BONAR's European packaging following the retirement through ill health of Tom Agnew.

Knowles steps down from Birmingham

Sir Richard Knowles, leader of the Birmingham City Council, the largest local authority in England, will retire later this year.

The feisty, cigar-smoking 75-year-old, a traditional Labour political boss who believes in what he calls "sensible socialism", said yesterday that he will accept a nomination to continue as leader at an internal election next month but will step down later.

Knowles departs as the political tide in Birmingham has begun to swing against Labour, which has been in power under his leadership since 1984. During this period he fended off opposition from ideologues on the party left and fought an unsuccessful campaign to stop Conservative attempts, especially under the then Mrs Thatcher, to reduce the power of the town halls.

He has always worked at the grassroots of the Labour movement, becoming an organiser in 1950, and nursed the safe Sparkbrook seat in Birmingham for Roy Hattersley, the former Labour deputy leader.



NORDIC BANKING INVESTMENT & FINANCE

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FT SURVEYS



Fly to London in June for the Lufthansa Festival of Baroque Music

"The London musical calendar now seems inconceivable without the annual Lufthansa Festival of Baroque Music....New explorations into the vast continent of early music are constantly mapped out, new performers to lead those explorations constantly introduced" *Financial Times* 29th June 1992

Now the FT invites its international readers to come to London in June to enjoy one or more of the 10 concerts in this year's season, being performed in Christopher Wren's church of St James, Piccadilly, and at the elegant Wigmore Hall, also in central London.

Included in a varied programme running throughout the month and early July, the 350th anniversary of Monteverdi's death is marked with a performance of *L'Orfeo*, while the 250th anniversary of the 'Peace of Dettingen' is celebrated with Handel's *Dettingen Te Deum* and Anthem, under the musical direction of Ivor Bolton.

DER Travel Service have arranged on behalf of the FT a two night stay at the Forte Crest St James's with full English breakfasts (the hotel is a two minute walk from the church), flying to London with Lufthansa German Airlines, and a concert performance from just DM820 or £325. For further details of this Financial Times Invitation, which you may expand as you wish, please complete the coupon or fax us now.

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Friday 4 June
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Wednesday 16 June
Chamber music by Mozart's friends
Monday 21 June
Cantatas and concertos by J.S. Bach
Thursday 24 June
Bach's solo Impromptu concertos
Saturday 26 June
Handel's choral works for the 'Peace of Dettingen'
Wednesday 30 June
Bach's Orchestral Suites
Friday 2 July
Monteverdi's *L'Orfeo*

† These performances are at the Wigmore Hall, all others are at St James's Church.

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مكثان التصل

Confusion in the middle ground

Television / Christopher Dunkley

In the old ITV the received wisdom was that you won ratings with lowbrow stuff such as darts matches and moronic game shows but acquired prestige with expensive drama. Now the belief is that if you pick the right sort of drama you can win reasonable ratings and prestige simultaneously, and in the long term build a loyal audience. Hence the abandonment of darts, a reduction in game shows, and an increase in middlebrow drama such as *The Bill*, *London's Burning* and all those steam train detective series.

However, the formula can go horribly wrong, as we saw last week-end with the screening of embarrassing flops on successive evenings. *The Marshall* looked a bit like another *Europudding*, those dramas filmed somewhere in continental Europe with international casts and unimpressive co-producers in the hope that the Germans, French and British will all like them. The idea has never worked yet and probably never will, but the oddest aspect of *The Marshall* was that although it had the characteristic false tones of the dubbed programme it appeared to have been recorded in English lip-synch, and although it was set in Florence the cast all seemed to be British, from Alfred Molina as the Italian police marshal and Gemma Craven as his wife to such small roles as Clemencia, which was taken by Anna Cropper. To use such an impressive cast to make such a lead-footed and boring programme was a shame.

But at least it was not intent upon stuffing its political correctness down the viewer's throat, which is such a characteristic of Lynda La Plante's work. From *Widows* to *Sunday's Seekers* Ms La Plante has been dishing up the same combination of resourceful, reliable women and violent, hateful men. No doubt politically correct broadcasters wriggle with delight over her multiracial casts, however unlikely the teamings.

This time we were given tubby, blonde, middle-aged Stella and sweet, black, young Susie. And their chief factor in common? A husband, the same one, shuntily, the absolute b-b-biggest. But what can you expect from a man... when he emerges from the

mind of La Plante, anyway. As in *Prime Suspect* you can ignore all this sermonising film-flop if there is a good plot to follow, but *Seekers* was hopelessly confused.

First acquaintance with Ruby Wax in *Girls On Top* suggested one of those American women with more drive and chutzpah than talent. Second thoughts, when she began doing her own weird shows, was that she might be able to create a world of her own in a way that only Barry Humphries had previously managed. But the first of a new series of *The Pull* Wax on BBC1 last Thursday brought third thoughts: perhaps the joky sadism which requires Joanna Lumley to play a mentally unstable lush, thrown over by her husband in favour of a bimbo with big boobs (Ms Wax meets Miss La Plante) cloaks a genuine streak of cruelty.

Still, Lumley had the last laugh: not only was she very funny parodying her own character from *The Avengers*, and just as good as Jennifer Saunders (whose mannerisms and tone of voice she adopted, wittingly or not) in the comedy recipe sequence, but at the end, spattered with cream and breathless from portraying hysteria, she was still achingly beautiful... which is hardly the first phrase that springs to mind in describing Ms Wax. Precisely the sub-text of the skit, you may say, but does Ruby Wax really accept her own appearance in the way that, say, Phyllis Diller seems to, or is she just jokingly actually all too real?

Best comedy of the week, and for a very long time, was the first in a new series of *The Comic Strip Presents* on BBC2. Oddly enough this also took the form of a pastiche of action series from the seventies. There was Jason Bentley, a Peter Wyngarde look-alike in lace cuffs and crushed velvet flares, whose modus operandi was to drive the Rolls to a country house occupied by a mad colonel and his daughter (mini skirt and too much makeup), drink a bottle of claret, smoke 50 cigarettes and arrest everybody. Jim Broadbent played Shooting Star George of "The Weesey", a 10-Gun-a-day copper who always drifted his car into the police yard sideways.



Peter Richardson (left) and Keith Allen as Bonehead and Foyle, the bumbling detectives, in BBC2's "The Comic Strip Presents"

And the stars were Bonehead and Foyle, who saw their job as climbing chimneys, doing handbrake turns, and pointing automatics while bellowing "Freeze!"

However irritating you may find John Pilger, from the grinding monotony of the voice to the hectoring didacticism of the manner, you surely have to admit that he is right about Poi Pot, Cambodia and the spinelessness of the international community, and you have to admire his tenacity.

Alone among the battalions of television journalists, Pilger seems to mind that a cosmetic job is being done on the genocidal Khmer Rouge to enable the UN to claim that it has organised democratic elections in Cambodia. Having gone back to

the country again and again, Pilger made yet another visit for *Vision* part 59 on ITV and left no one in doubt about his feelings: that suppressing the name of the Khmer Rouge and tolerating their "participation" in elections is like suppressing the name of the Nazi party and tolerating their participation in European elections.

Installing a camera crew in a family house and filming the result may be a perfectly legitimate form of entertainment but it is surely time that television stopped pretending that it is a way of investigating reality. Furthermore, *Without Walls* deserves credit for building some sort of bridge - however narrow, however populist, however temporary - between the two cultures.

used "fly on the wall" techniques to observe the effects of cameras on family life. His first attempt was with the Wilkins family in Reading in 1974.

Watson describes his new series, about the Baker-Donaher family in Sydney as "living soap opera", which sounds admirably modest, and seems to go some way towards admitting the unreality of the affair - but I wonder. Perhaps the bickering, boozing Noeline and Laurie deserve everything that is coming to them, but - like others before them in this situation - they now regret ever having become involved.

No one who really appreciated the likely outcome would ever agree to such an arrangement in the first place. No doubt that explains why we always see the same sort of crass egotists in this sort of series. As we laugh at their antics in the coming weeks it might be as well to abandon Watson's word "living" and consider it as just another Australian soap opera, designed largely to appeal to unsophisticated teenagers.

Channel 4's culture magazine *Without Walls* goes from strength to strength. Earlier this season they showed an unusual trio of programmes about the effects of drug taking upon the creation of works of art, and last night they concluded another trio, this time about technology and man's mastery (or otherwise) of nature.

The twist that has made it such an engrossing series is that instead of just talking to the usual white-coated scientists in rimless glasses they have talked mainly to science fiction writers. Remembering the accuracy of some of the predictions of writers such as H.G. Wells and Arthur C. Clarke, and the technical creativity of Asimov, it is no surprise to discover that Brian Aldiss, J.G. Ballard, John Brunner and others now have thoughts - about artificial intelligence, cloning, virtual reality and so on - which illustrate activity at the frontiers of modern science far more vividly than you could expect from plain scientists. Furthermore, *Without Walls* deserves credit for building some sort of bridge - however narrow, however populist, however temporary - between the two cultures.

London Ballet / Clement Crisp

A Don without redemption

I have now seen the Royal Ballet's *Don Quixote* four times - men have been decorated on the battlefield for less - and I remain as disenchanted by its components, and agnostic at its inadequacies, as I was after the first night. I can find no redeeming feature in it: each element - of design, production, performance, style, even orchestration - undermines the real merits of a ballet which, for all its inconsistencies, has lasted for more than a hundred happy years in the Russian repertoire.

Mistrust and misinterpretation have taken a horrid toll on this *Don Quixote* and its interpreters. I do not recall the Royal Ballet looking more uncertain or more provincial, its artists battling with choreography they plainly do not understand and have not been taught to appreciate. The standards of classical and character dancing are unworthy.

The choice of the text was wrong-headed: Baryshnikov's pruning of the Kirov version is ungenerous in scale, hustled in dramatics. Far better to have used the Kirov original, which is joyous, crammed with varied dances, and stylistically coherent. It enshrines a way of performing this classic-Spanish romp which could be exhilarating and challenging for our dancers. It is also charming to look at, since the designs made by Golovin in 1902 are beautifully preserved, and beautifully effective. The unrelenting glare of Mark Thompson's decoration, which extinguishes the dancers and his lugubrious costuming (dancers as mortuary attendants), blight any gaiety. The characters playing has a routine air, except for the inexplicable and scene-stealing drunk who haunts the edges of the stage throughout the first act; though I wonder what the priest with Red Riding Hood's basket is offering to the locals as he patrols the plaza - saucy postcards? Indulgences? Escape plans?

In St Petersburg the score is a tawdry mish-mash, but it exactly suits the slip and slide of the dances, with their occasional yearning or classically serious moments. Covent Garden's grim-crack version betrays its hand as soon as we hear the honky-tonk piano playing for the inapt front cloth scene that begins the evening. Nothing good can come of such a view of Minkus, and nothing does. And no one on stage - save Irek Mukhamedov, who realised he had fallen on hard times - has any idea of how to deal with the stylistic demands of such a piece.

We have seen great performers in this ballet, from Plietskaya (who was a miracle of joyous bravura) to Maximova and Vasiliev (who were sun bursts), and I treasure memories of Galina Samsova and Lucette Aldous, of Semenyakova, of Terekhova, as marvellous heroines. They each brought a sense of ebullient happiness, of high spirits and higher jumps, of witty playing and wittiest feet in the variations. The Kitris I have seen thus far - Viviana Durante, Cynthia Harvey, Fiona Chadwick and Leanne Benjamin - have been cramped by staging and design, and looked understandably desperate. If the role of Basilio can defeat Mukhamedov (on the first night he tried to kick-start this dismal affair, with no success), then lesser artists are simply its prisoners. Zoltan Solymosi, Stuart Cassidy, Jose Manuel Carreno (making a debut with the Royal Ballet) deserve more than the strait-jacket of such charmless routines.

The rest of the cast are baffled from curtain rise. I record with no pleasure that six terrors (in costumes that make them look like neckless wonders with bulging hips) seem unhappy with their one difficult step; that in the vision scene (where the dryads have only one step to perform, interminably) the lascivious variation for the Dryad Queen has been made stiffly polite; that the playing of Mercedes and Espada would be more likely in Bude than Barcelona.

Only Nicola Roberts as Amour has shown the pretty, nuanced dancing that can make the choreography sparkle as it should. Elsewhere, tamboourines, handclaps and manic vivacity turn *Don Quixote* into a *toivienas*. Audiences have been grossly misled by a staging which ranks among the worst things the Royal Ballet has shown us in half a century.

Exhibitions / Jennifer Grego

The glories of Rome shine anew

Two current exhibitions in Rome prove once again how much that city owes to the worldly talents of the Catholic church. Both "The Borghese Gallery" at St Michele la Ripa and "Sixtus V" centre on the Papacy: both relate to the late Renaissance and early Baroque.

The first marks the re-appearance of 300 paintings from the magnificent Borghese collection which have been in storage for nine years while the villa has been restored. Given the pace of Italian restoration these could be in San Michele for two years. The second looks at the radical changes made to the city during the short reign of a remarkable Pope, Sixtus V.

Cardinal Scipione Borghese was the favourite nephew of Pope Paul V (1605-1621). A passionate collector, he brought the nucleus of his grand collection with him when the family moved to Rome from Siena. There, he built one of the world's finest patrician art collections. Scipione showed particular acumen in his enthusiasm for Caravaggio: a passion not shared by his fellow cardinals at St Peter's, who commissioned and then, shocked at the nakedness of the boy Christ, refused his masterpiece, the "Madonna of the Palafrenieri" (also

known as the "Madonna of the serpent"). The painting was removed from the Palafrenieri chapel in St Peter's and sold to Scipione. Even though only about half the 586 paintings in the collection are here, fitting them into the small de-consecrated church posed many problems. The organisers found a clever solution - but somewhat shocking for those who remember their original luxurious setting.

The paintings are crowded together, almost touching, in lines four deep, in the casually cluttered manner used by collectors in the late 1600s. However, one important detail has been forgotten. The pictures at the top (rarely the masterpieces) are difficult to see. Early collectors got round this by tilting the top row downwards towards the visitors below, but this has not been done here.

All six of Scipione's Caravaggio's are on show, as is Domenichino's splendid, newly-restored "Caccia di Diana". There are several works by the Ferrarese Dosso Dossi, including his mysterious "Apollo and Daphne" and the "Maga Circe". Cranach's magnificent Venus with Cupid and his honeycomb; Caravaggio's enigmatic "Boy with a Boy"; and two of the Cardinal's Titians. Not

sadly, the gem of the collection, "Sacred and Profane Love", nor his "Venus blinding Cupid", both being restored. Another famous omission is Raphael's "Deposition", considered too delicate to move.

"The Rome of Sixtus V" at Palazzo Venezia celebrates (a little late) the fourth centenary of the Pope's death. The exhibition gives some idea of what an absolute monarch with vision and a well-lined purse can make of an insalubrious mediaeval town. But the organisers' determination to show us every aspect of Sixtus's frenetic activity, from coins and commemorative medals to sections on books and music, detracts a little from the achievement of his central achievement.

One gets a better idea of the grandeur of his plans by standing at the Quadrato Fontane crossroads on the hill in the centre of Rome. Here, Sixtus's brainchild, the Via Felice, crosses the road designed by his predecessor Pius V (now known as the Via XX Settembre) 20 years earlier.

Domenico Fontana's four fountains were carved into each corner of the crossroads to disguise the imperfect right-angles of the small square. Standing with one's back to

Borromini's church of St Carlo, there is a breathtaking view down each of the four roads.

The grandeur of Sixtus's design does not come out clearly in the exhibition, as no contemporary plans exist to show what Sixtus and his architects thought they were doing. Contrary to some of the contemporary interpretations, Sixtus's plans were dictated only partly by ecclesiastical considerations.

It made sense that the seven main basilicas providing indulgences (which the faithful flocking to Rome were required to visit on a single day's pilgrimage) should be linked - to many churchmen the point of Sixtus's reformation seemed just that. But Sixtus's plan went far beyond the practical religious exigencies of the moment. He was concerned with laying the basis for the city's future social and commercial development, with a cross-system of wide thoroughfares "indifferent to expense, and ruthless in the face of obstacles", as Domenico Fontana pointed out admiringly, opening out piazzas, both in front of the building he had had constructed, the Lateran and Quirinal Palaces, and at the intersections of his roads.

In spite of his imaginative and organisational abilities, Sixtus was



Detail from a portrait of Sixtus V by Filippo Bellini

a cruel and impatient man. These latter qualities come out in the portrait, attributed to Filippo Bellini, with which the exhibition opens. His relationship with his architect, Domenico Fontana, however, was highly successful: they shared a passion for detail and an interest in solving engineering problems.

A handsome wooden model and numerous engravings in the central part of the exhibition give some idea of the charms of the Villa Montalto at Tivoli (pulled down in

1925) to make way for the railway station). Sixtus designed this charming country villa, again with Fontana, to soothe his spirits when enduring semi-exile under the reign of Gregorius XIII, who disliked him profoundly.

Another fine model is Vanvitelli's handsome wooden section of the cupola of St Peter's. Without Sixtus's energy and determination, Michelangelo's project might never have been completed. Giacomo della Porta and Domenico Fontana did it in 22 months, using 800 builders.

The last section is devoted to contemporary painting, mostly culled from Roman churches. There is a splendid Eros and Psyche from the Borghese collection, a "Visitation" by Federico Barocci from St Maria in Vallicella, and two fine works by Paul Brilli from the Louvre and the Ca D'Oro in Venice.

The Borghese Gallery at St Michele la Ripa, Via di St. Michele a Ripa. Closed Monday, Ends December 31. The Rome of Sixtus V, Palazzo Venezia. Ends April 30.

INTERNATIONAL ARTS GUIDE

BONN

Beethovenhalle Tomorrow: Dennis Russell Davies conducts Orchestra of the Beethovenhalle in works by Hindemith and Mahler, with violin soloist Oscar Shumsky (773666). Oper Fri: Puccini's *Trittico*, staged by three women directors. Sun: Otello. Next Wed: Der Freischütz. May 9: first night of new production of Cav and Pag (773857).

COLOGNE

Philharmonie Tonight: Bach and Telemann concert with Capella Hannover. Tomorrow: Ivan Fischer conducts Cologne Radio Symphony Orchestra in works by Brahms and Bartok, with violin soloist Viktoria Mullova. Sat: Andreas Schiff plays Schubert. Mon: James Conlon conducts Mozart and Mahler (2801). Opernhaus Tonight, Fri: Billy Budd. Tomorrow: Sun, next Wed: revival of Katya Kabanova with Nadine Secunde and Leonie Rysaneck (221 8400). Schauspielhaus Tonight: Jochen Ulrich's new Carmen ballet.

Tomorrow: Edward Albee's play *Who's Afraid of Virginia Woolf*. Fri: new production of Shakespeare's *As You Like It*, directed by Torsten Fischer. The Kammeroper repertoire includes plays by Genet and Lorca (221 8400).

COPENHAGEN

Tivoli Tonight: Peter Etrup Larsen conducts Tivoli Symphony Orchestra in works by Lutoslawski, Bert and Prokofiev. Tomorrow: Michael Schoenwandt conducts Berlin Symphony Orchestra in works by Strauss, Franck and Schoenberg, with piano soloist Cecile Oussat. Fri: Kirsten Dolberg and Tivoli Concert Chorus sing Brahms' *Alto Rhapsody*. The concert and evening programme continues most evenings till mid-September (3315 1012). Royal Theatre Tonight and Tues: La traviata. Tomorrow: Tosca. Fri: Balanchine gala. Sat, next Mon and Wed: John Cranko's ballet *Olegin*. The season ends on May 22 (3314 1002).

DUSSELDORF

Deutsche Oper am Rhein Tonight: Die Walküre with Gabriele Schnaut and Bodo Brinkmann. Tomorrow: two Heinz Spoerli ballets. Sun: Siegfried. Tues: Spoerli's ballet *Goldberg Variations*. Next Wed: Götterdämmerung (211-8908 2111). Duisburg Theatre has Pet Helmer's new production of Turandot on Sun, with Sabine Hass in title role. Spoerli's new production of Giselle opens on May 9 (203-3008 1000). Schauspielhaus Tonight: Odon Horvath's play *Zur schön von Horvath's play* Zur schön von Horvath's play. Tomorrow: Gorki's *Vassa*. Aussicht. Tomorrow: Gorki's *Vassa*.

Shakespeare. Fri, Sun, next Mon and Wed: Shakespeare's *A Midsummer Night's Dream*. Tues: Brecht's *Mr Puntila*. The repertoire in Kleines Haus includes David Mouchtar-Samora's new production of Gorki's *Summer Guests* (211-162200/211-369911).

FRANKFURT

Alte Oper Tonight: Sade. Tomorrow: recital for two pianos by Anthony and Joseph Paratore. Mon: Oliver Widmer, accompanied by Roger Vignoles, sings *Lieder* by Schumann, Schoeck, Pfitzner and Wolf. Tues: Raymond Leppard conducts Indianapolis Symphony Orchestra in works by Schubert, Bruch and Schumann, with violinist Dmitri Sitkovetsky. Next Wed: Wynton Marsalis Septet. May 11, 12, 14: Metropolitan Opera guest performances (1340 400). Opernhaus Tonight and Fri: Il matrimonio segreto. Tomorrow: Rigoletto (236001). Kammeroper Tonight: German stage premiere of Tom Stoppard's 1973 radio play *Arcturion* at the Schauspielhaus (2123 7444). Jahrhunderthalle Hoescht Next Mon: Raymond Leppard conducts Indianapolis Symphony Orchestra in works by Schubert and Bruch, with piano soloist Maria Joao Pires (3501 240).

GOTHENBURG

Konserterhuset Tonight and tomorrow: Olof Kemu conducts Gothenburg Symphony Orchestra in Sibelius' *Lemminkäinen Legends* and the world premiere of a new piano concerto by Bengt Hambraeus.

(b1928). Stars Tonight Sun, next Wed: Robin Stapleton conducts Francesco Zambello's new production of *Falstaff*, with Ingrid Witzel. Eight further performances till June 5 (131300).

HAMBURG

The main event this week at the Staatsoper is the first night on Sun of Johannes Schaeff's new production of *Die Entführung aus dem Serail*, conducted by Claus Peter Flor and designed by Wolfgang Gussmann. The cast is headed by Catherine Nagelstad as Konstanze, Kurt Streit as Belmonte and Schaeff himself as Bassa Selim. Further performances May 5, 6, 12, 15, 18, 26, 28. Tonight's performance is John Neumeier's ballet *A Cinderella Story*, music by Prokofiev. Andreas Schmidt gives a song recital on Fri (351721). Carolyn Carlson's new dance work *Coramedia* can be seen tonight at Deutsches Schauspielhaus (249713). Tomorrow at Musiktheater: Glenn Miller Orchestra and Pasadena Roof Orchestra (354414).

LEIPZIG

A two-month opera and ballet festival opens on Sat at the Leipzig Opera House, celebrating 300 years of the city's opera. The opening night has Istvan Szabo's *Boris Godunov*, conducted by Janos Kufka (repeated May 4, 7, 12, 16). Two new Uwe Scholz ballets follow on Sun (repeated May 6, 13). The new next opera production is Rameau's *Hippolyte et Aricie*, first night May 8, conducted by the Leipzig Opera's

intendant, Udo Zimmermann. The stage premiere of Stockhausen's *Donnerstag aus Licht* follows on May 28, and the world premiere of Jörg Hercher's new opera on June 25. The Opera House, closed for most of this season, reopens, resumes its repertoire performances next week with La bohème, Così fan tutte and others (7168 273). The only events at the Gewandhaus over the next week are a performance on Fri of Beethoven's Ninth Symphony by MDR Symphony Orchestra and Chorus conducted by Daniel Nazareth, and a chamber music evening with Gewandhaus Quartet and Wind Quintet on Sun (7132 280).

LYON

Gary Bertini conducts Orchestra Nationale de Lyon tomorrow and Fri in Auditorium Maurice Ravel. The programme consists of works by Schoenberg, Stravinsky and Richard Strauss, with violin soloist Jean-Jacques Kantorow (7880 3713).

MUNICH

Tomorrow and Fri at Gasteig: Kurt Sanderling conducts Bavarian Radio Symphony Orchestra in works by Beethoven and Sibelius, with violin soloist Frank Peter Zimmermann (4809 8814). Tomorrow in Herkulessaal: Aldo Ciccolini piano recital (299901). Sun and Tues in Cuvillies-Theater: Sinnvoller Quartett plays Reger and Beethoven (221315).

STOCKHOLM

Royal Opera Tonight: Swedish

Ballet School. Tomorrow: first night of new ballet mixed bill, with works by Balanchine, Ulf Gadd and Ulf Gadd. Ulf Gadd (repeated on Mon and Wed-Sat next week). Fri and Sat: Cav and Pag (249840). Konserthuset Tonight and tomorrow: Frans Brüggen conducts Stockholm Philharmonic Orchestra in works by Schubert, Kraus and Beethoven. Next week: Gidon Kremer plays violin concertos by Shostakovich and Sibelius (244130). Berwaldhallen Tonight: Emmanuel Krivine conducts Swedish Radio Symphony Orchestra in works by Brahms, Sibelius and Rakhmaninov (784 1800).

STRASBOURG

Theatre Municipal Tomorrow, Sun afternoon, next Tues: Rudolf Kreamer conducts Bernard Sobel's new opera *du Rhin* production of *The Adventures of Mr Broeck* (8875 4823).

STUTTGART

Staatstheater Tonight: Markus Stenz conducts Ruth Berghaus' production of Wallf's *Mahagonny*. Tomorrow: Alan Hacker conducts Così fan tutte. Fri and Sun: Ariadne auf Naxos. Next Tues: La Cenerentola. May 8: new Berghaus production of La traviata. Kleines Haus has a new production of Glaube Liebe Hoffnung by Odon von Horvath, plus Isen's *Nora* and Shakespeare's *Romeo and Juliet*. A new production of Ariel Dorfman's *Death and the Maiden* opens tomorrow at Theater im Depot (221795).

European Cable and Satellite Business TV

(All times are Central European Time) MONDAY TO THURSDAY Super Channel: European Business Today 0730; 2230 Monday Super Channel: West of Moscow 1230. Super Channel: Financial Times Reports 0630 Wednesday Super Channel: Financial Times Reports 0730; 2230 Sky News: Financial Times Reports 0530 Saturday Super Channel: Financial Times Reports 0930 Sky News: West of Moscow 1330; 2230 Sunday Super Channel: West of Moscow 1830 Super Channel: Financial Times Reports 1900 Sky News: West of Moscow 0230; 0530 Sky News: Financial Times Reports 1330; 2030 Arts Guide Monday: Berlin, New York and Paris. Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington. Wednesday: France, Germany, Scandinavia. Thursday: Italy, Spain, Athens, London, Prague. Friday: Exhibitions Guide.

Edward Mortimer

Turgut Ozal deserved more than a polite nod from western leaders. There is something about Turkey that defies the gaze of the western onlooker. Everyone knows it is important, but no one seems to like thinking about it.

I suspect the problem is that it is not quite big enough to have a department all to itself, whether in a foreign ministry or a university, and yet it does not fit neatly into any group or category. That, of course, is precisely what makes it such a fascinating country, when you do look at it. But most westerners are just too busy to be fascinated. At least one caller to this office last week assumed, on being told I was in Turkey, that I must be on holiday.

I wish I had been on holiday. Alternatively, I wish I could truthfully say I had gone there to attend President Ozal's funeral. In fact I went to help write the Financial Times's annual survey of Turkey, and it was pure chance that Ozal died the day before I arrived. The result was, however, that I was able to listen to a lot of Turks talking about the leader they had lost.

To say they were unanimously grief-stricken would be an exaggeration, though certainly many were more charitable than they would have been before his death. The fact is that, while alive, Ozal was disliked by many of his countrymen and especially by the media. Like Lady Thatcher, whom he admired (though he did not follow her monetarist policies), he was attacked both for widening the gap between rich and poor and for making the country subservient to the US. He struck his neck out especially during the Gulf war, rather as she did in allowing US aircraft from British bases to bomb Tripoli in 1986. Indeed, Turkish feeling against the use of Turkish bases to bomb Iraq was stronger and more widespread than the corresponding feeling in Britain at the time of the Libyan attack.

At the time western leaders heaped praise on Ozal, George Bush and Margaret Thatcher both claimed him as a personal friend. I fully expected to see them at his funeral, and so did many Turks. But they failed to show, as did their successors. The US was represented by Jim Baker, the former secretary of state, and by his successor's deputy, Cliff Wharton; the UK by Baroness Chalker, minister of overseas development;

Friend when in need

The west holds Turkey at arm's length but relies on its support

France by its foreign trade minister. John Major and Douglas Hurd, of course, were required in the division lobby - Maastricht obliges. Bush was busy with his presidential library. Clinton was struggling to get his economic package through the Senate. Thatcher and Vice-President Al Gore were somewhere in eastern Europe. No doubt Francois Mitterrand and Warren Christopher had equally good excuses. But couldn't we have managed at least a member of the royal family?

Anyway, for the funeral of a

A convincing show of gratitude at Turgut Ozal's funeral would not have cost the west much

close friend and valued ally none of the excuses is good enough. When a friend dies you drop everything and rush to console his family. If these people really valued Turkish friendship, as they claim to, they would have been there. "Turkey helped the west in the Gulf war," said my friend Sait Dilek sadly. "Perhaps another time it will not bother." Of course that is a highly sentimental response. Sait, a young Kurd who worked for Ozal's government and was deeply devoted to him, was feeling sentimental that day. Many Turks were, Ozal, however, did not decide his Gulf policy on sentimental grounds, and it is unlikely that another Turkish leader would do so in a future crisis. It was not in Turkey's national inter-

est to give free rein to an aggressive and expansionist ruler in a neighbouring country. Still, it is not always easy to act on a rational calculation of national interest when public opinion is against you, and public opinion can be swayed by sentiment.

A convincing show of gratitude to the dead president would not have cost the west much. Why was it not forthcoming?

"I suppose they just thought of him as a wog," says one disillusioned English Turkophile. Perhaps, at its crudest, that is right. We think of the Turks as Moslems, ergo non-Europeans. So their insistence that they are European only irritates us. With their suits and ties and their Roman script, the Turks lack even the exotic charm of the desert.

The Islamic lobby in Turkey feeds on this attitude. It loves to quote a remark, allegedly made by Jacques Delors, the president of the European Commission, on the day before Ozal addressed the European Parliament, to the effect that Europe consists of "countries of Judeo-Christian identity". To Turkish minds that explains a lot of things, such as why Europe leaves Bosnian Moslems to their fate; why children born in Germany of Turkish parents are not entitled to German citizenship; and why Turkey's application for membership in the EC is pigeon-holed, while "Christian" countries, not only from the European Free Trade Association but from the former Warsaw Pact, are encouraged to jump the queue.

Some people think that Ozal, himself a devout though liberal Moslem, deliberately courted this reaction when he slammed in Turkey's EC application in 1987, and that the present Demirel government is more sincere, as well as more subtly, European in going for a customs union first, leaving both Turkey and the Community more time to evolve before the issue of full membership is taken up again.

Maybe. There are certainly many problems to be solved before full membership could be realistically considered, not the least being the Cyprus issue and the consequent Greek veto. But at least Greece does not make the mistake of underrating Turkey's importance - Constantine Mitsotakis, the Greek prime minister, did show up in Ankara last week.

I thought I knew Washington well," fumes Mr Roger Altman, deputy US Treasury secretary, "but I didn't expect the Republicans to reach this new height of hypocrisy."

He is referring to the Senate filibuster that killed President Bill Clinton's economic stimulus plan last week. How, he wonders, can a party that presided over a tripling of the national debt have the effrontery to block a \$16bn jobs package on grounds of fiscal prudence?

Yet, with hindsight, should Mr Clinton have invested so much political capital in so minor a part of his programme? (Most observers say the stimulus would not have had an appreciable economic impact.)

Mr Altman will not entertain the idea. "It was an important insurance policy," he says, and warns that gross domestic product figures for the first quarter (due out tomorrow) will "underline the economy's fragility".

Mr Altman has the brisk, confident manner of a successful middle-aged investment banker. He approaches the interview with deliberation, insisting that questions are precisely posed and frequently pausing mid-sentence to collect his thoughts.

He is on the defensive partly because congressional opposition to the Clinton plan is mounting almost daily. Republicans are certain to fight big increases in income taxes on high earners while Democratic leaders are opposing new tax credits for business - seen on Capitol Hill as a flagrant violation of the 1986 Tax Reform Act which eliminated many loopholes.

The proposed energy tax is also in trouble; Mr Leon Panetta, the budget director, has publicly voiced fears that Congress may pass a blanket exemption for agriculture.

A contemporary of Mr Clinton's at Georgetown University, Mr Altman gained an MBA at Chicago before making a career in financial services. He served as a senior Treasury official in the Carter presidency then flipped back to Wall Street for the 1980s bull market, making a pile of money at the Blackstone Group, an investment bank.

Now he is back in Washington, relishing his role as one of the president's "inner circle" of economic advisers, intimately involved in crafting policy on everything from healthcare reform to exchange rates.

Roger Altman, deputy US Treasury secretary, outlines his views on policy to Michael Prowse

Understudy with a principal role



Altman: part of Clinton's 'inner circle' of economic advisers

But while admirably qualified for the job, is he giving Mr Clinton sound advice? What does the administration hope to gain by talking the dollar down against the yen - a policy that is deeply resented in Tokyo especially when the president himself seems to be one of prime culprits?

Mr Altman denies point blank that this is the policy. "I don't believe you can talk a currency in any direction for very long that markets don't want it to go." The yen's rise, "is a product of market forces", a natural response to the Japanese fiscal stimulus which has improved the outlook for growth.

With the example of Japan in mind, where gross savings amount to 35 per cent of GDP, isn't the real challenge for the US to raise the national savings rate? Given the scale of the challenge is the deficit-cutting plan adequate?

Cutting the deficit in half as a percentage of GDP over four years is a big step forward in terms of reducing public debt, says Mr Altman, says defensively.

But is it? The structural deficit (the deficit allowing for cyclical changes in economic activity) is scheduled to fall about \$46bn next fiscal year to \$205bn.

But no further reduction is planned; the structural deficit rises steadily to about \$242bn in fiscal 1998. Wasn't the administration really just holding the underlying deficit stable?

"Well... that's a very important way of looking at it, but it's not the primary way we did look at it." The target you set, Mr Altman explains, is "a combination of what is required by the economic environment and what it is possible for the system to absorb". He claims that planned healthcare reforms will slow the growth of spending and that the economy may do better than assumed in the plan.

But given the electoral cycle, haven't you just missed your big chance to get the deficit down?

"I just don't agree with that," Mr Altman says the president deserves credit for bringing about a "sea-change" in attitudes on the deficit. This is a moot point; many attribute the change to Texas billionaire Ross Perot's populist calls for balanced budgets and argue that the Clinton team mis-

He is on the defensive because opposition to the Clinton plan is mounting daily

judged the country's mood. At a time when people were willing to face sacrifices, it asked for too little.

What is to be gained by proposing increases in marginal tax rates on high earners of more than a third (from 31 per cent to 40 per cent or more for those earning in excess of \$250,000 a year)? Won't this depress savings?

Mr Altman's response is that tax rates are not being raised

to levels that would seriously interfere with economic incentives. "Let me be very personal. Nobody I know who earns that kind of money is going to work less because of those tax increases."

But won't they rearrange their tax affairs to reduce their tax liability? He seems unperturbed by suggestions from Professor Martin Feldstein of Harvard and others that high earners will find ways of dodging the new taxes. "I guess we're going to disagree."

But does he not accept the principle of the 1986 act - that lower rates and a broader base make sense? "Yes, I do." But the inequalities of the 1980s have to be reversed. "If it's a choice between simplification and progressivity, I choose progressivity."

But what about small businesses? The income tax increases will hit proprietors of small businesses who file under the personal code. Why depress the sector that created the most jobs in the 1980s?

It seems that fairness is more important. If they earn

enough they will just have to pay the higher taxes, says Mr Altman.

Is a value-added tax likely, especially given the need to finance healthcare reforms? He is careful not to rule it out. "Shifting the emphasis of taxes from investment to consumption is an important goal. That's why we recommended an energy tax which, after all, is a consumption tax."

Picking his words, Mr Altman adds: "Whether we ever raise a VAT is not known to me. I truly have no idea."

Extending health cover to an extra 35m people and guaranteeing everybody a generous package of basic benefits could be hugely expensive. What chance is there of Congress agreeing to an extra \$90bn or so a year in extra taxes to pay for the new benefits?

He dislikes the tone of the question. A primary goal of the healthcare reform is to reduce the rate of growth of spending, not increase it, he explains patiently. But he is vague both about how costs will be reduced and over what time horizon.

There has to be more market discipline in the health system - "that's why we're enthusiastic about managed competition," he says. But he won't be drawn on whether direct controls, such as a cap on health insurance premiums, are likely. "I'm not going to debate that with you."

How soon will any cost controls take effect? Will we see results, say, by 1995? "I don't know about 1995. I genuinely don't know."

On economic and social policy, Mr Altman seems to enjoy working as part of an extended economic team. But is there a risk of having too many economic cooks? Won't the new National Economic Council, run from the White House by Mr Robert Rubin ultimately undermine the Treasury? (By international standards, the Treasury is already weak, controlling neither monetary policy nor the budget.)

He brushes off the question. "It's a co-ordinating mechanism... it's so successful because of Bob Rubin who has a remarkably winning style. Everybody likes working with him."

Mr Altman, it must be said, is just as smooth an operator. If Mr Lloyd Bentsen, his boss, were ever to decide that retirement in Texas looked more attractive than endless wrangles with Congress, his understudy is more than ready to take centre-stage.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Too early to see effect of Cadbury proposals

From Mr Patrick Mileham.

Sir, A propos your article on the research published in the Corporate Register which covers the "latest innovations of corporate governance", ("Governance changes 'not productive'", April 22), we at the Institute of Leadership believe it is far too early to see results, commercial or otherwise, that could be the result of the recommendations of the Cadbury committee.

Cadbury's report referred to "the financial aspects of corporate governance", not competitiveness and profitability. The recommended enhancement of the role of non-executive directors was to do with their assis-

tance in ensuring the probity of public companies, and nothing more.

True, there has been debate, mainly concerning the large and listed companies, about the usefulness of proactive non-executive directors with regard to their contribution to strategic direction and the high performance of the company on whose board they sit. Up to now, however, it has been unfocused and barely touched the smaller and unlisted companies.

We have just launched a UK-wide research programme in conjunction with the University of Paisley. Its purpose is to investigate the growing ambi-

guity of the position of non-executive directors and to answer such questions as: can they act equally as effective gamekeepers (probity) and poachers (profitability)? Can they be truly independent? How "unitary" is the board? What selection, training and induction processes can be designed to help non-executives to balance these divergent duties?

We would defer judgement on any financial or other indicators to measure the effectiveness of non-executive directors to some time in the future.

Both the Cadbury committee's report and the Corporate Register's article only deal with listed companies. We

believe that research must penetrate the smaller and medium enterprises (SME) as well, where the need for non-executive directors to assist in transforming their companies is even more urgent than in big companies.

The SMEs have been in a much worse state during the recession than the large companies, and it is almost a truism to say that many SMEs have failed precisely for lack of direction from the board.

Patrick Mileham, Institute of Leadership, Department of Educational Studies, University of Surrey, Guildford, Surrey GU2 5XX

Heseltine's plans for industry fall short

From Mr Simon Haskel and Sir Sigmund Sternberg.

Sir, The general thrust of Michael Heseltine's plans to help British industry as reported by you on April 26 ("Heseltine's plan 'to help Britain win'") is to be welcomed. Many of his proposals regarding innovation, exports, one-stop shops and competitiveness could have been drawn point by point from Labour's own plans for partnership between government and industry.

As such, they are soundly based because these plans

resulted from long and detailed discussions between members of the Labour party and industry. Some of these discussions were carried out by the Labour finance and industry group.

Unfortunately Mr Heseltine ignores three important elements called for by industry and essential for success. To be charitable, this may be because he has little influence over his more hide-bound colleagues.

First, education. Industry needs a well-trained and educated workforce to innovate, to export, to be competitive and to manage. Second, capital

investment. Britain needs a modern and well-run infrastructure to enable industry to operate effectively and cheaply. Third, finance. The City must allow industry to invest in Mr Heseltine's plans, perhaps at the cost of lower dividends and greater risk.

Simon Haskel, chairman, Sir Sigmund Sternberg, deputy chairman, Labour finance & industry group, Star House, 104 Grafton Road, London NW5 4BD

Throwing new light on an old word

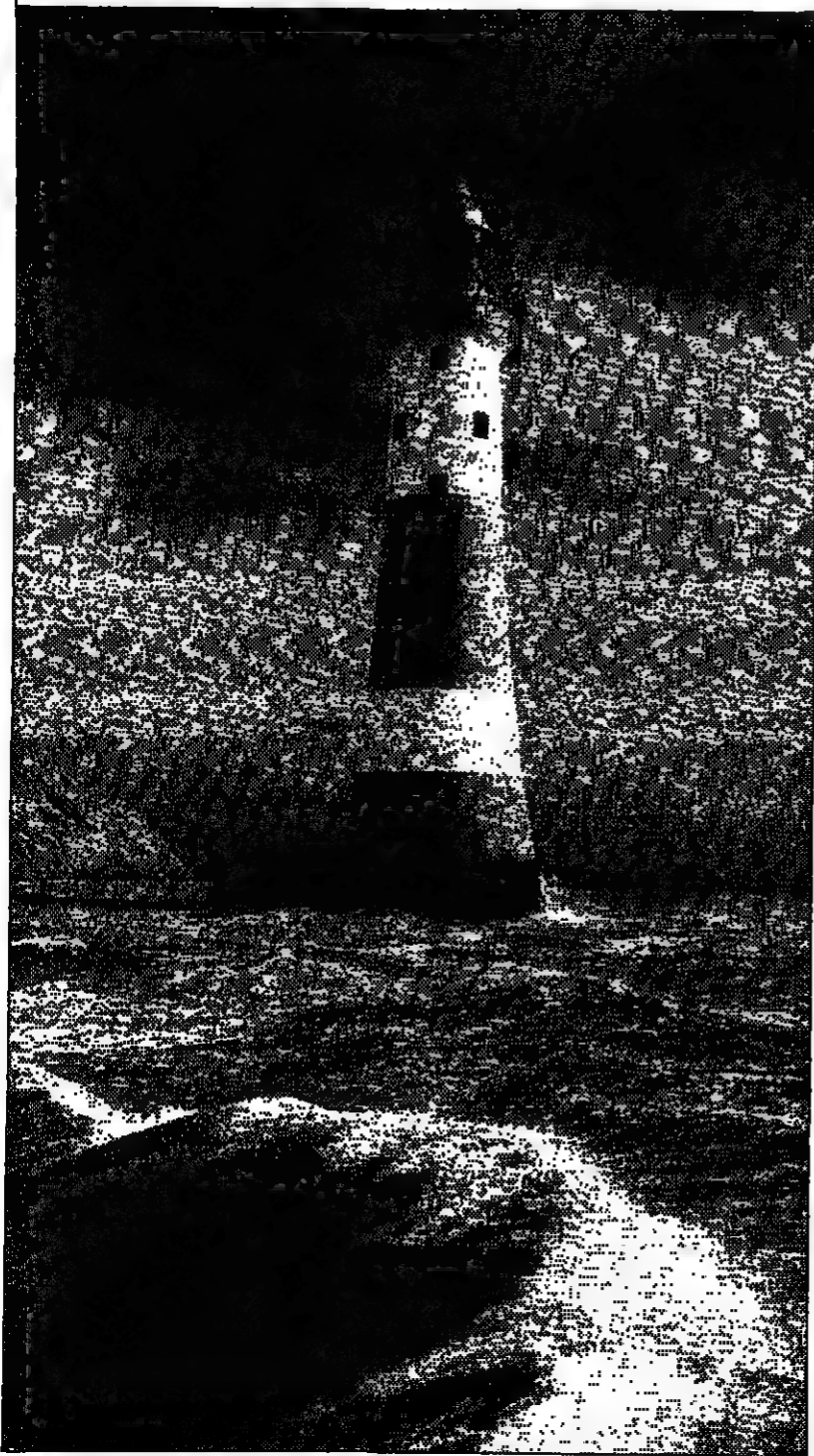
From Professor C. Wankel.

Sir, I read with interest the letter from Michael Connors (April 21) on John Diebold's recent talk of "the need for a new word: 'infrastructure'". Connors points out to us the astounding coincidence that he independently crafted this word back in 1982 and cites his use of it "throughout" his 1983 book as evidence. Well this amazing fact can be amplified since by even more amazing coincidence this word has been "independently" crafted by scores of others.

One such amazing coincidence is Karen Levitan's 1987 book Government Infrastructures (Greenwood Press). Others include P. Zurkowski's 1984 Integrating America's Infrastructure in the Journal of American Society for Information Science and Forest and Woody Horton's 1982 Understanding US Information Policy: the Infrastructure Handbook.

Connors also might phone Infrastructures Inc. in one of their offices in Rockville or Potomac, Maryland, or in Hialeah, Florida, to talk about this neologism. Of course, it might be cheaper to phone Infrastructures Ltd. in Birmingham, England. Charles Wankel, associate professor of management, St John's University, New York, US

1992. New heights in difficult conditions.



At Northern Rock's Annual General Meeting on 27th April 1993, a record year was reported despite very tough market conditions.

High points of the year outlined by Chairman, Mr Robert Dickinson, included:

- Assets up 36% to £6 billion.
- Pre-tax profits up by 37% to £74.7 million.
- Net profits up by 22% to £44.7 million.
- Mortgage balances up by 34% to £5 billion.
- Net retail investments up by 45% to £914 million.
- Unit costs down:
 - 26% reduction in management expenses ratio to 1.04%.
 - 21% reduction in costs to total income ratio (now at 38%).

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NORTHERN ROCK

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* After deduction for extraordinary item.

Asian Development Bank's success rate

From Mr George V. Liu.

Sir, The article by Victor Mallet about the success rate of Asian Development Bank aid projects ("Many ADB projects 'failed'", April 20) reported that only 40 per cent of the bank's 98 projects evaluated in 1992 were considered generally successful.

Those projects evaluated represented only a sample of completed projects and included several complex projects. In addition most had been approved and completed in the 1980s during a period of unusual turbulence characterised by the second oil shock, falling non-oil primary commodity prices, and high interest rates.

Overall the bank's record is much better and shows the picture in reverse. Sixty per cent

of a total of 400 projects evaluated so far have been rated as generally successful, with 30 per cent partly successful and 10 per cent unsuccessful. In each case, the bank seems to learn, where possible, how to improve the design, implementation and performance of its development projects, to enable it to better account for the effectiveness of the assistance it provides to its developing members.

Importantly, partly successful projects are not to be regarded as "failed" projects, nor is the definition controversial. The bank's criteria for deciding into which category a project falls are comprehensive and clear-cut.

More importantly, the bank places great emphasis on learning from the experience of past

projects and has developed a widely applauded and effective feed-back system. Guided by these clear objectives, the bank recently put into place additional institutional processes to make its assistance and operations even more efficient.

The bank believes that increased responsiveness to the needs of its developing members, improved relevance of its sector operations and enhanced quality of services - by incorporating the lessons of ongoing and completed operations - will, together, significantly raise the quality of projects assisted by the bank.

George V. Liu, chief information officer, Asian Development Bank, Manila, Philippines

مكتبة النخيل

FINANCIAL TIMES

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Wednesday April 28 1993

Now for the hard part

WESTERN GOVERNMENTS have reacted with palpable, and understandable, relief to the vote of confidence which Russian voters registered in their president on Sunday. Having invested so much political capital in supporting Boris Yeltsin and his economic policies over the preceding month, they could not fail to be gratified that those long-suffering citizens who voted saw fit to approve of both by a convincing margin. But it is far too early for anyone to breathe easily about the future of Russian reform. On the contrary, the most painful and urgent decisions are yet to come.

It is far from clear how or when President Yeltsin will take them, and whether his government is either inclined or equipped to make them stick. But without decisive action now to curb inflation and stabilise the economy, backed with western aid as promised by foreign and finance ministers from the Group of Seven industrial nations in Tokyo two weeks ago, the danger of a hyper-inflationary collapse is bound to grow stronger by the week.

Mr Yeltsin's essential problem is the struggle with his opponents in the Congress of People's Deputies, which the referendum result has done little to resolve. However strong his popular mandate, the president still has scant prospect of persuading deputies to accept a new constitution that will do them out of a job. If he fails, he may himself set a date for new parliamentary elections. Either way, Russia seems set for several more months of political uncertainty, heightened in the autumn by another election campaign.

It is scarcely a climate in which to expect rational economic policy-making. More likely, on the evidence of pledges to increase wages, pensions and credit to industry made by both president and parliament during the weeks before the referendum, it is a period of pork-barrel promises and intensifying inflationary pressures, something that the Russian economy will be unable to stand for very much longer.

The immediate task is complicated by increasingly obvious divisions on the economy within the

government itself. While ministers are unanimous about the need to control inflation, they have been all too ready to sanction the granting of new credits to bankrupt state enterprises. Ostensibly united in their commitment to the market, the president and government have failed to articulate a plausible strategy for getting there or to give the populace a coherent explanation of the choices they face.

If anything, the result of Sunday's referendum has thrown those choices into even starker relief. It showed that President Yeltsin remains the best hope for Russian reform, and that if he chooses to push ahead with policies which will make economic and political change irreversible, he should be able to carry the majority with him.

As important, the campaign exposed the intellectual bankruptcy among Mr Yeltsin's most vocal opponents. They know what they do not like, yet have nothing coherent to put in its place. But the campaign also demonstrated the emergence of a new political class arguing persuasively that talk of a so-called "third way", in which change would somehow be made less painful, is an illusion. In practice, this alternative route will either lead back towards a command economy, or to chaos, or possibly to both at once. Although the president's instincts tell him to seek compromise, he should follow the suggestions of those who understand the choices Russia actually faces.

This is the message western governments should waste no opportunity to convey to Russia's leaders over the next few weeks as they prepare to back their support for Mr Yeltsin with a fresh injection of money. The so-called "systemic transformation facility" which the IMF plans to start disbursing in June, without applying strict conditions, is clear if risky acknowledgement that a politically stable and reforming Russia is a prize well worth striving for. If it works, it will help keep the economy ticking over and contain inflation through what promises to be a turbulent summer. Mr Yeltsin cannot afford to relax.

Ciampi in charge

MR CARLO Azeglio Ciampi, the Bank of Italy governor, appears to be proof that, in Italian politics, the reverse of Gresham's law holds true: good central bankers can drive out bad politicians.

Mr Ciampi's move to the helm of an Italian government in Rome supplies final evidence of the bankruptcy of the political establishment. The appointment of the first non-political head of an Italian government since 1848 reflects the Bank of Italy's stature as an institution unmarred by scandal. It also illustrates President Oscar Luigi Scalfaro's failure to find a politician of influence and standing capable of guiding the country to early elections.

Mr Ciampi, who will remain governor for the time being, has achieved an increase in the Bank of Italy's independence. He has persuaded the government to end the central bank's role in deficit financing - presumably saving him from the embarrassment, in

his new job, of providing his own government's overdraft.

Mr Ciampi's nomination brings relief to financial markets. But, even in matters of shorter-term political and economic management, it leaves questions open. Mr Ciampi's persistent criticism of successive governments' free spending has won him esteem. Yet these governments' equally persistent refusal to heed his advice has not enhanced his reputation for getting results. Since 1980, when Mr Ciampi first warned of prodigality, Italy's public debt has grown from 82 to 112 per cent of GDP.

To steer through electoral reforms, and to limit the deficits, Mr Ciampi will need a grip on parliament. A man chosen to be above politics will not be able to avoid descending into the political arena. Mr Ciampi possesses great moral authority; but even during the few months when *il Governatore* runs the government, this may not be enough.

Pension nerves

THE BRITISH government appears to be losing its nerve over equalising the state pension age. Originally it planned to announce this month that the female pension age would be gradually increased from 60 to 65 to bring women into line with men. Now it looks like the announcement will be delayed until the autumn with legislation postponed until 1994-95.

The reason is that a government anxious to avoid controversy believes a common age of 65 would be unpopular with women. But, unlike other measures being postponed such as post office privatisation, this is not an issue on which there is fundamental uncertainty inside government.

The pension age needs to be equalised to remove discrimination between the sexes. The reason for raising the women's age to 65 rather than cutting the men's to 60 is to put some limits on the expansion of the state's pension expenditure - at £20bn a year already the largest part of the social security budget.

Given that the population over 65 will grow by about a half in the next 40 years, there are already strong upward pressures on pension spending. Picking a common age of 60 would make this problem even worse, costing taxpayers about £4bn a year. Choosing one of 65, by contrast, would save £4bn.

There are those who accept the need to control costs but would like older people to have greater

choice about when they retire. They propose a flexible pension age, under which early retirees would receive a smaller pension than those retiring later. Though attractive in theory, this idea is impractical given that the pension is already below the state poverty line. Anyone trying to live on a reduced pension would find it even harder to make ends meet.

Moreover, since flexible retirement is not identical to a flexible state pension age, there are other ways the government could promote choice even while keeping a fixed pension age. These might include encouraging the private sector to offer more flexible pensions and working arrangements to make it easier for older people to phase in retirement.

There is no good case for delay. Given the government's known views on the matter, the sooner the change is announced, the sooner those affected are able to plan their retirements. Nor should the change be too unpopular if arranged so that no woman currently over 50 would be affected.

In fact, delaying an announcement to avoid controversy would almost certainly be counterproductive. A government that ran away from such a decision this early in the electoral cycle would hardly find it easier to take it when there were only two years or so left before an election. This is a case when prolonging the agony can only make it worse.

Please excuse the bugs

Now that gold bugs, who have had a pretty depressing decade, are apparently destined to the music of George Strait's investment, who better to turn to for a view of the market than the Costa Rican sisters, Mary Anne and Pamela Aden, that mysterious pair who achieved an extraordinary if eccentric following in the early 1980s.

First making their name by calling the bear market in 1980 when gold was right up at \$850 per ounce, the sisters began the *Aden Analysis* newsletter out of the faintly unlikely location of San Jose. They are now principally remembered for predicting gold at \$4,400 by 1986. Barely a squeak has been heard since.

Observer finally tracked down the pair, still in Costa Rica - "it helps not to be disturbed by opinion" - and still publishing. "Excuse the bugs" says the April 6 issue - but no, that's just the glitches in the new computer system.

The Adens, Californian-educated but with a Costa Rican mother, sweetly explain that the gold bug thing is "just a label that stuck". It didn't help that their partner, who, among other things, owned a coin company and from whom they have since split, really pushed gold a lot, says Mary Anne,

who admits to being "very green" when they started.

The sisters profess to have turned bearish of gold in the mid-1980s - "which made a lot of people very angry". But they have just recently taken a shine to gold again. Now in the 7,000-strong (and growing) tax faculty of the Institute of Chartered Accountants in England and Wales is already considering the content of its own tax exam to be introduced as early as 1995. But the Institute of Taxation - whose exam is taken by more than 8,000 practitioners including accountants and lawyers - is known that it would not co-operate

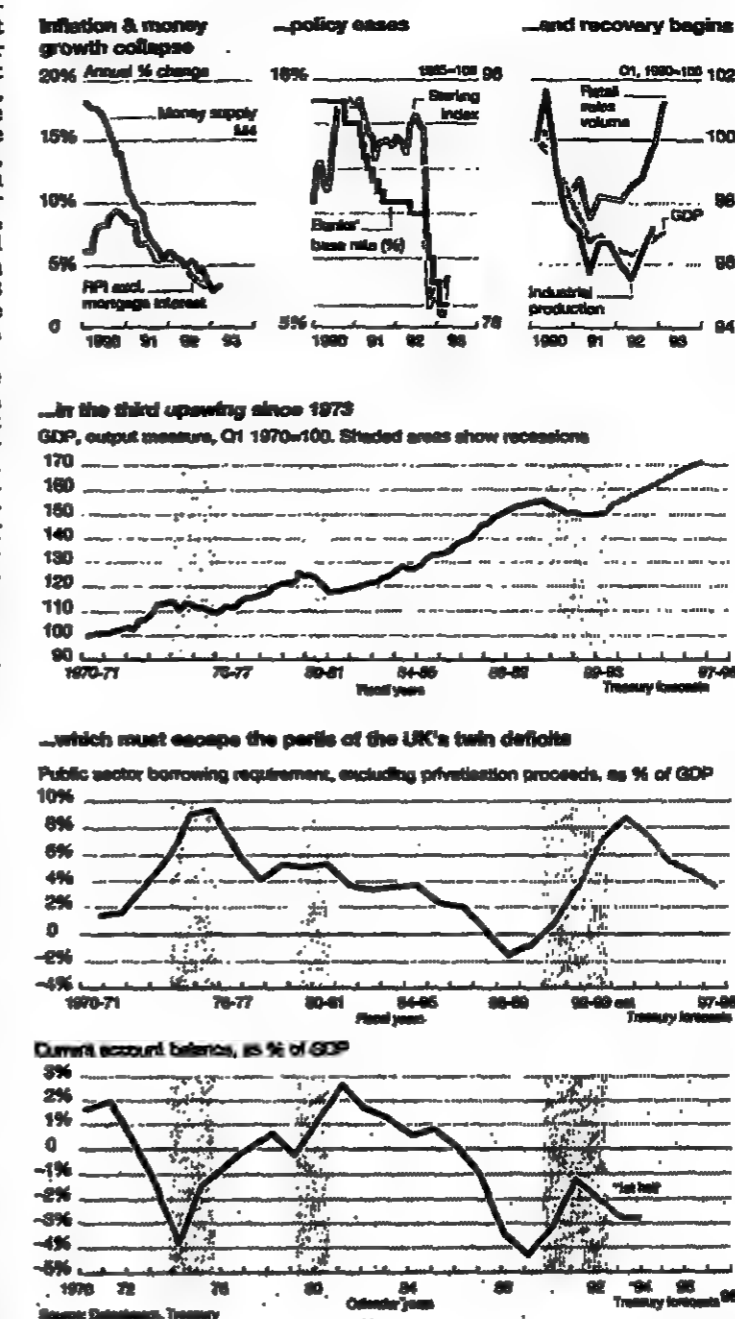
April folly

Oh to be in England now that April's here... and with it the annual chore of completing tax returns. But it's more than a chore for those who set the tax exams; knives are being sharpened as the two main professional institutes battle for supremacy.

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Dynamism thrust upon it

The chances of a continued - if sometimes faltering - UK economic recovery are high, writes Martin Wolf



Chances of a continued - if sometimes faltering - recovery must be high. If household demand proves inadequate, the government can relax monetary policy, something that declining interest rates in continental Europe should make relatively easy. Indeed the government's problem is more likely to be an excessively strong currency than a weak one.

The benign effects of any normal recovery on unit costs, combined with annual increases in underlying earnings as low as 4% per cent, should also facilitate recovery, by keeping underlying inflation down, notwithstanding the devaluation. But the fundamental reason why inflation should remain subdued is that output is well below its potential, though nobody knows how far below. Estimates vary hugely, with Patrick Minford of Liverpool University (another Treasury panellist) setting the non-inflationary level of unemployment as low as 10m, which is 2m below its current level.

One extreme indication of how far below potential output the economy might be is given by the 2.4 per cent annual growth trend between the cyclical peaks of 1979-80 and 1989-90. Output in these peak years was unsustainable. But if the economy's underlying trend in the last cycle were sustained into the present one, this line, which is 18 per cent above this year's output, ought to be approached before the next downturn. Meanwhile, the OECD estimates that fourth-quarter 1992 GDP was 6.8 per cent below its underlying trend. On either view, the economy ought to be able to grow at some 3 per cent a year for more than a decade.

Mr Minford and Mr Congdon argue that with prudent monetary policy the economy can sustain such performance. Others, like Wynne Godley of Cambridge University (another Treasury panellist) and Bill Martin of Phillips & Drew (a member of the "Liverpool six"), would argue they are deluded, the danger resting with one, or both, of

Long-term success depends, as always, on the wisdom of the government and the flexibility of the labour market

Renewed inflation is what threatens to put an end to growth. The good news is that underlying inflationary pressure is more subdued than for perhaps a quarter of a century. The bad news is that the economy has become exceptionally unbalanced. Domestic demand-led growth would improve the fiscal position, but make the external position worse. In pursuit theory, the external account might not matter. In practice, it is all too likely to do so. The structure of the economy needs to change in ways that only export-led growth can bring about. This depends in turn on sustaining the increased competitiveness granted by devaluation.

Sustained recovery is feasible. But the chances of long-term success depend, as always, on the wisdom of the government and the flexibility of the labour market. There must be people willing to bet their shirts on what seem to be two long shots. But how many want to risk going shirtless, even in the spring?

OBSERVER



on the development of a joint exam with the faculty. "It is essential that we retain our independence and control of our own examination that we have developed to such a high standard," a terse press release warned.

But if the tax faculty goes its own way, and continues to increase its membership, it could still undermine its rival. Expect more taxing times ahead.

Tirana vacancy

If Giuliano Amato, who last week submitted his resignation, is looking for another job, he might consider the one he turned down in order to become Italy's prime

minister: negotiating the restructuring of Albania's \$500m foreign debt.

Now more than a year later, and despite pressure from the World Bank, the Albanian government has still not got round to appointing a negotiator. After Amato bowed out, the post was offered to an international financier few had heard of, Nicolas Arzidi.

It would seem that although Arzidi was paid a \$1.5m fee up front, the negotiations never got off the ground. Arzidi is now in prison in France, facing fraud charges.

Albania's foreign debt was racked up during the period of political turmoil which marked the transition to democracy after 45 years of Stalinist self-sufficiency. Amid the confusion, nobody spotted what was going on at the state bank.

A large chunk of debt was run up almost overnight. Making the most of their new access-based dealing room, Albania's central bankers managed to lose \$300m on international currency markets in a burst of speculation early in 1991.

Standing the heat

Busy man, Lord Owen, what with sorting out leading Serbs, Bosnians, Croatians, et al, in the former Yugoslavia.

But not too busy to ignore more personal business closer to home. He has joined the board of a small

the UK's "twin deficits", but mainly with the external deficit.

Judged by the flow of revenue and expenditure, the UK's fiscal position is the worst it has ever been in peacetime. The primary fiscal deficit - the general government borrowing requirement, less interest payments - is 6 per cent of GDP. 3 percentage points higher than in 1974-75 and 1975-76. The present fiscal position simply cannot be sustained for many years.

Economic growth and firm control over public spending are the best ways to cure the fiscal disease. Under the Treasury forecasts, the PSBR falls to 3% per cent by 1997-98, while the ratio of net public-sector debt to GDP almost doubles between 1991-92 and 1997-98. This must be about as bad a performance as the government can hope to get away with.

Economic growth will itself help cure the hole in the fiscal accounts. But any recovery led by domestic demand would considerably increase a current account deficit that was already 2 per cent of GDP at the bottom of a deep recession. If the external balance were to deteriorate, there would come a point, many critics fear, when financial markets would panic, sterling would tumble, inflation would soar, the government would be forced to raise interest rates and - hey, presto - the economy would be back in the stop phase of a severe stop-go cycle, for the fourth time since the early 1970s.

Whether or not there is a "balance of payments constraint" is both a complex question. But some points can be accepted by any cautious policymaker. First, large swings in real exchange rates are disruptive, principally because output of tradable goods and services cannot be switched on and off like a tap. Second, market expectations can be perverse. Less than five years ago, after all, financial markets were trying to push sterling above DM3.30. Third, making the exchange rate the main tool of disinflation is risky, since the real appreciation inherent in the policy is certain to distort the economy. For this very reason, the policy may also fail to provide a durable route to low inflation.

The question is how far the government can manage either the exchange rate or the external account. The answer is that it can do less than many critics believe. But it is not helpless. It can, for example, buttress the exchange rate with other disinflationary instruments: fiscal tightening is the obvious one right now. It can also harness and take into account the effects upon the real exchange rate of developments in pay and productivity. A real depreciation entails a lowering of the cost of labour relative to the prices of tradable goods and services. A nominal depreciation implies a rise in the price level relative to wages. The government should therefore at least articulate its inflation target in terms of underlying domestic costs, not consumer prices.

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Serbs launch attack on Moslems in defiant reply to UN sanctions

By Laura Silber in Belgrade,
David White in Brussels and
Our Foreign Staff

SERB FORCES yesterday defied the international community by launching an attack in Moslem-held north-western Bosnia just as tough United Nations sanctions came into force against Belgrade.

Fighting also erupted in other parts of former Yugoslavia, one day after Bosnian Serbs refused to accept an international peace plan signed by rival Moslems and Croats.

About 100 Serb troops backed by 10 tanks and artillery advanced several miles into the area around the north-western town of Bihac early yesterday.

UN military observers stationed in the Bihac region reported fighting in four locations in the area, where 300,000 people are being supplied with aid by the UN.

The fighting was sure to anger the international community, which started applying sanctions against the Serb-led rump Yugoslavia yesterday and is considering limited military action to halt the year-old civil war.

In Belgrade, a map showing the locations of bomb shelters in the city was published by "popular demand" in Vespere Novosti, the mass circulation daily. Nato chiefs, meeting in Brussels yesterday, focused on a narrowing set of options, ranging from air strikes to the setting up of protected zones.

The top-level committee meeting was attended by General Colin Powell, chairman of the US joint chiefs of staff.

The allies were awaiting an announcement on a possible visit this week by Mr Warren Christopher, the US secretary of state, to European capitals. These were expected to include London, Paris, Bonn, Rome and Moscow.

Mr Christopher, testifying to a senate panel in Washington yesterday, set rigorous criteria for the use of force by the US. He said the use of force had to meet four tests: the goal would have to be stated clearly to the American people; there must be a strong likelihood the use of force could be successful; there must be an exit strategy; and there had to be a programme that could sustain the support of the American people.

There was a consensus in Brussels that any bombing of military positions or supply lines would involve some degree of alliance involvement. It was made clear that Washington would not obtain backing from allies without specific authority from the UN.

Bosnia conflict, Page 3

VW chief tries to reassure suppliers

By Christopher Parkes
in Frankfurt

THE TOP management of Volkswagen yesterday attempted to calm the nerves of important component-makers rattled by the company's plans to slash costs and reduce outside suppliers.

Mr Ferdinand Piëch, head of VW since January, told representatives of 29 companies from the group's home state of Lower Saxony that Volkswagen was ready to help them meet new conditions.

The meeting was called by VW and Mr Gerhard Schröder, the regional prime minister, who is also a senior member of VW's supervisory board. It was intended to counter ill-feeling and fears stirred by the arrival at Europe's largest car maker of Mr José Ignacio López, recently recruited from General Motors in Detroit, and installed as production and procurement director.

It is also a response to private complaints from other German car manufacturers that VW's over-aggressive and highly-publicised approach to cost-cutting was alarming the components industry and damaging confidence when the whole motor industry was struggling to restructure.

Mr López was dubbed "the Düsseldorf strangler" in recognition of the cost-cutting expertise he demonstrated while head of buying at Adam Opel, GM's German subsidiary.

He told the meeting that processing from raw materials to the end product had to be optimised in order to give the customer increased value in terms of quality, service and price. "We can only win together," he added.

VW, which divined DMI.25bn (\$770m) into the red in the first quarter of this year, after an 87 per cent profit plunge to DMI.47m in 1992, is planning to reduce suppliers from around 1,500 to 200. At the same time, according to Mr Piëch, parts prices are to be driven as low as possible without pushing suppliers out of business.

The tone at yesterday's meeting was milder than at earlier "consultations" at which Mr López reportedly told his audience that he required "the highest quality, the best service, the lowest prices... and soon".

According to analysts, at least 30 per cent of Germany's 3,000 automotive parts suppliers are threatened by the motor industry's restructuring plans. Most at risk are the 2,900 small and medium-sized companies.

AT&T challenges BT over price of transatlantic calls

By Andrew Adams in London

AMERICAN Telephone and Telegraph, the largest US telecommunications operator, is challenging British Telecom to agree to more than halve the "wholesale" price of transatlantic phone calls.

The result could be significant tariff reductions for customers. AT&T's proposal, for a reduction of about 50 per cent in the accounting rates for telecom traffic between the US and the UK, has become a weapon in the battle between the two telecommunications companies over their pending applications to gain direct access to the public network in each other's countries.

Accounting rates are, in effect, the price which BT and Mercury pay AT&T for delivering international calls to their final destination in the US, and vice versa. Rates are set and revised periodically by the operators under an international agreement.

AT&T has told the Federal Communications Commission, the US telecoms regulator, that BT has already refused its request for an accounting rate cut.

BT yesterday insisted it was still under consideration, and that BT would respond next month. Under strong pressure from the commission, transatlantic accounting rates have been reduced by nearly half over the past two years. The latest reductions came into effect on April 1.

AT&T has told the commission that accounting rates could be cut by up to another 80 per cent "as a first step", with further reductions in line with "the continuing pace of technology".

Analysts believe AT&T's proposed rates may be close to the actual cost of delivering a transatlantic call.

Mr Greg Staples, a Washington consultant, said: "If AT&T thinks it can connect transatlantic calls from Florida to Montana for half the current charge, it's up to BT to show why it cannot reach London and Manchester for the same fee."

So far operators have had a mutual interest in keeping accounting rates high, although the higher number of calls originating in the US has led to large payments from AT&T to BT.

But in the current battle over access to each other's markets, both companies are portraying themselves to the regulatory authorities as firm friends of open competition and lower prices.

AT&T's argument for lower accounting rates is made in a petition to the FCC opposing BT's application for access to the US's public network.

BT argues that granting it a US licence would enhance transatlantic competition and "exert a downward pressure on international accounting and end-user rates worldwide".

AT&T's response is that BT is obstructing lower accounting rates, and that allowing BT to engage in private line resale - which avoids the accounting rate system entirely - would give BT "an added incentive to keep accounting rates high".

A decision on the various licence applications is not expected for several months, and will almost certainly depend upon an inter-governmental agreement on the future regulation of non-domestic operators in the two countries.

Beijing lobby ousts Jardine from HK chamber's board

By Simon Holberton
in Hong Kong

A MILESTONE in Hong Kong's return to China was passed last night when Jardine Matheson, the British trading company, was thrown off the board of the Hong Kong General Chamber of Commerce.

Election victories by pro-Beijing businessmen left the board evenly split between supporters and opponents of Mr Chris Patten, the colony's governor.

Mr Martin Barrow, a senior executive of Jardine Pacific, Jardine's core trading, distribution and construction arm, stood for re-election and was defeated in a battle organised in part by the Xinhua news agency, Beijing's unofficial embassy in Hong Kong.

This is the first time since the chamber, the colony's leading business association, was founded in 1861 that a representative of Jardine has not sat on the board.

Beijing has gained control of Hong Kong's other main business associations. But the chamber has so far refused to come out against Mr Patten and has withdrawn its support from the Business and Professionals Federation.



Governor Patten: vote setback

tion which last November made a strong attack on the governor. In all, six seats on the 24-person board, vacated by rotation, were contested in a secret ballot. Five pro-Beijing businessmen were elected while one incumbent, Mr Simon Lee, was re-elected.

Among the successful candidates were Mr Chan Wing Kee, a textile manufacturer who is also a Hong Kong deputy to the National People's Congress, China's rubber-stamp parliament,

and Mr Ye Longfei, a Shanghai government official on long-term secondment to Arthur Andersen, the international accountancy firm.

The campaign Beijing mounted to gain control of the chamber's board reflects the seriousness with which China takes the Legislative Council (Legco), Hong Kong's lawmaking body. The chamber elects one of the 60 members of Legco, a position currently held by Mr Jimmy McGregor, an outspoken supporter of Mr Patten.

After last night's vote, Mr McGregor said: "I interpret this vote as a turning point. The pro-China group within the chamber backed by those of like interest have made a very substantial dent in the chamber's system."

Over the past month or so, Xinhua officials have visited some of the chamber's bigger corporate group members - who have multiple memberships and therefore votes - and presented executives with China's preferred ticket.

Business people have been told that there is no distinction in China's eyes between business and politics; some said they had no choice but to support China's candidates.

Mr Reviglio, his predecessor as chairman between 1983-88, was notified by magistrates that he was under investigation for allegedly receiving illicit funds. The news triggered Mr Reviglio's resignation as finance minister in the former Amato government.

Mr Cagliari has been detained since March 9 on allegations of corruption and illegally funding political parties.

THE LEX COLUMN

A measure of confidence

To some extent economic recovery was always a matter of confidence. The latest CBI survey suggests the trick might be working. The leap in business optimism was the greatest for a decade. Not surprisingly that translates into expectations of increased orders and output over the next four months. One has to assume that these hopes will be - more or less - fulfilled. With the government busy talking the economy up ahead of the Newbury by-election, though, it is all the more necessary to guard against overlooking the weaknesses that are also apparent from the survey.

There is no sign of restocking, while the balance of respondents reported that domestic deliveries actually fell in the first four months of the year. One would not expect a rush to invest when 63 per cent of manufacturers are still working below capacity. That more companies expect to cut rather than increase capital spending is also food for thought, given the temporary capital allowances introduced in last year's autumn statement and the cash-flow benefits many can expect from the changes to the ACT rules.

That leaves a recovery dependent on consumer demand and exports, backed up admittedly by some striking improvements in productivity. The question is whether these will be enough to secure UK competitiveness if sterling continues to rise and continental demand falls. The CBI thinks exports would start to suffer if sterling rose much above DM2.50. Then the government would face a dilemma. It has come out against further cuts in interest rates, but intervention to hold sterling down would simply aggravate the PSBR funding problem.

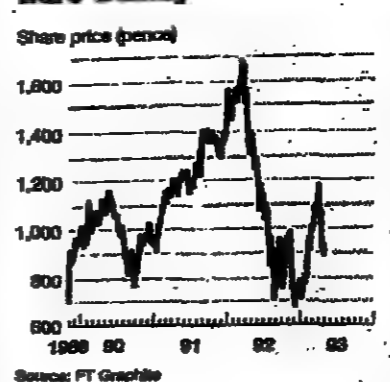
Tarmac

In the space of five years, Tarmac has swung from a restated pre-tax profit of more than £400m into a £350m loss. Battered shareholders must be hoping for an equally drastic reversal of fortune as recovery takes hold. But despite the cyclical nature of its markets, Tarmac will find it far harder climbing back up the cliff than falling off it.

The trouble is that Tarmac's balance sheet is still out of kilter with the state of its market. After exhibiting an unhappy knack of sinking money into falling markets a few years ago, Tarmac is now applying the reverse skill of withdrawing working capital from the rising housebuilding market. This lack of aggression partly reflects Tar-

FT-SE index: 2832.7 (+10.4)

Euro Disney



mac's commendable determination to ensure growth is sustainable this time round. But it also stems from continuing financial constraints. Despite a £147m disposal programme, Tarmac ended the year with £577.1m of debt. Cash will remain frightfully tight even though another £150m should be realised from disposals this year.

Tarmac is probably right to believe that its steady restructuring progress will bear fruit in the medium term. That, though, hardly represents a ringing reason to buy the shares at present, especially given the dull outlook for its quarry and contracting businesses. Short term attention is likely to focus on nimbler housebuilders. Significantly, Bryant Group became just the latest of these to tap the stock market yesterday for expansion funds.

Sears

Sears, it seems, cannot kick its addiction to extraordinary items. Unlike Tarmac and its torrent of red ink, Sears has not yet summoned the will to embrace fully Professor Tweedie's reforms. As well as taking losses below the line Sears showed a £14.6m profit on property disposals which would have been a loss of £5.2m on the new basis. Some £4.3m of provisions against the housebuilding business were also released - reducing the interest line - while a further £28m of extraordinary costs were taken against its closure. This effectively increases reported profits by almost £3m and is disappointing in a company which argues that old habits are on the way out. About the best that can be said is that 1991-92 was worse,

with larger property gains and interest reductions. Tricks of the accounting light to one side, the new management is making some progress with operations. British Shoe has perked up as better retailing discipline is applied to stocks, product ranges and relationships with suppliers. There is more margin improvement to come and a revamp of the well-worn shoe shops is promised for 1994.

Yet there were setbacks elsewhere. The newly-acquired Dutch mail order business made a loss, as did Olympias. Shoes and womenswear are doing well from the upturn, but mail order, sportswear and Adams children's clothes are struggling in tough markets. Those holding on for the recovery must hope that Sears' reputation for being asset-rich but accident-prone goes the way of extraordinary losses.

Euro Disney

Even Goody could see that Euro Disney needs more funding. Over the full year to the end of March, its cash outflow from operations amounted to FF600m, before the capital spending required to keep the Magic Kingdom in shape. With FF200m debt outstanding Euro Disney cannot easily go back to the banks for more. Additional guarantees from Fairy Godmother, in the form of Walt Disney, might help. But Euro Disney already has shareholder approval for up to FF500m convertible or warrant bonds, so an equity-related issue cannot be ruled out. The 4 per cent fall in the shares yesterday shows investors do not wish the prospect.

Funding for the second phase of the project - due to open in 1996 and likely to cost FF500m - has not even been addressed. There must be a temptation to put expansion plans on ice until the first phase is profitable. But yesterday's results suggest Euro Disney would benefit from a grander scale. While the number of visitors during the winter was encouraging, tourists are spending too little and hotel occupancy was low. A bigger theme park would help spread fixed costs and encourage overnight stays.

While the existing business is losing money, though, Euro Disney will have its work cut out persuading investors to suspend their disbelief. With recession looming in Germany and France - and devastatingly discouraging visitors from the UK, Italy and Spain - simply keeping the turnstiles turning will be challenging enough.

This announcement appears as a matter of record only

April 1993



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for financing the Investment Programme of
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Togliatti, Russia

Lead Manager and Lender
Westdeutsche Landesbank Girozentrale
WestLB

Administration Bank
Südwestdeutsche Landesbank Girozentrale

Financial Adviser and Arranger
European Capital, London

EUROPEAN CAPITAL

Congress threatens to end EBRD funds

Continued from Page 1

capital subscription, however, and said the US was insisting on restructuring of the EBRD's budget process; much tighter oversight; and outside auditing.

Foreign aid remains one of the least popular areas of the budget in the US Congress. Members warn that it remains politically impossible to reduce aid to Israel and Egypt, which receive the lion's share of the US aid budget, but Congress is warning that \$1.8bn needs to be found some

where to fund the US's recent promise of new bilateral aid at the Tokyo G7 meeting. The administration has not said where it wants the money to come from.

Mr Leahy said he might not support the administration's request for \$1.25bn this year for the International Development Association, a third of the US's contribution to the tenth replenishment of this concessional loan arm of the World Bank.

Mr Bentsen argued, however, that the money was essentially

the same in real terms as the last contribution, negotiated in 1988. "It represents less than the cost of one movie admission for each American," Mr Bentsen said.

Mr Attali said yesterday that the bank would increase its private-sector investment. He pledged to reinforce budgetary controls and introduce greater transparency.

He said he had considered resigning eight months ago, feeling that the pressures of building the institution were too great, but was dissuaded by friends.

Andreotti faces probe

Continued from Page 1

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World Weather			°C			°F			°C			°F			°C			°F		
	°C	°F		°C	°F		°C	°F		°C	°F		°C	°F		°C	°F		°C	°F
Algeria	24	75	Brussels	22	72	Frankfurt	18	64	London	18	64	Osaka	18	64	Tokyo	18	64			
Amsterdam	18	64	Buenos Aires	24	75	Geneva	18	64	Moscow	18	64	Paris	18	64	Yokohama	18	64			
Athens	21	70	Cairo	28	82	Glasgow	18	64	Madrid	18	64	Rangoon	28	82						
Belgrade	21	70	Chicago	18	64	Hamburg	18	64	Manila	28	82	Singapore	28	82						
Berlin	21	70	Copenhagen	18	64	Helsinki	18	64	Medan	28	82	Sydney	21	70						
Bombay	28	82	Dallas	21	70	Hong Kong	25	77	Mexico City	25	77	Taipei	28	82						
Buenos Aires	24	75	London	18	64	Imbros	25	77	Miami	25	77	Tel Aviv	28	82						
Calcutta	28	82	Los Angeles	21	70	London	18	64	Manila	28	82	Tokyo	18	64						
Cardiff	18	64	Manila	28	82	London	18	64	Medan	28	82	Yokohama	18	64						
Chennai	28	82	Medan	28	82	London	18	64	Moscow	18	64									
Colombo	28	82	Perth	21	70	London	18	64	Mumbai	28	82									
Dhaka	28	82	Port of Spain	28	82	London	18	64	Nairobi	25	77									
Dublin	18	64	San Francisco	18	64	London	18	64	Rangoon	28	82									
Edinburgh	18	64	Seattle	18	64	London	18	64	Singapore	28	82									
Geneva	18	64	Stockholm	18	64	London	18	64	Sydney	21	70									
Hankow	28	82	Taipei	28	82	London	18	64	Tokyo	18	64									
Hong Kong	25	77	Tel Aviv	28	82	London	18	64	Yokohama	18	64									
Kobe	18	64	Yokohama	18	64	London	18	64												
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Medan	28	82			London	18	64													
Perth	21	70			London	18	64													
Port of Spain	28	82			London	18	64													
San Francisco	18	64			London	18	64													
Seattle	18	64			London	18	64													
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FINANCIAL TIMES COMPANIES & MARKETS

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Four airlines move towards integration

By Christopher Brown-Humes in Stockholm and Paul Betts in London

FOUR medium-sized European airlines - Scandinavian Airlines System, KLM Royal Dutch Airlines, Swissair and Austrian Airlines - yesterday moved closer to integration by announcing plans to set up a joint-owned company with a single management and balance sheet by next year.

The proposal would result in SAS, KLM and Swissair each holding 30 per cent of the new company and Austrian Airlines 10 per cent. The airlines are seeking to

become a "fourth force" in the deregulated European market alongside the big three - British Airways, Air France and Lufthansa of Germany.

Their combined operations would employ more than 70,000 employees and carry about 36m passengers a year, turning it into Europe's largest airline group. The venture reflects the trend towards consolidation in the European airline industry in response to greater liberalisation and globalisation of the international airline market.

Pressure has mounted on the four carriers to establish close alliances to

strengthen their competitive position as larger European rivals expand their global reach through co-operation agreements and equity investments in other carriers.

BA recently acquired a 24.6 per cent stake in USAir and a 25 per cent stake in Qantas, the Australian carrier, while Lufthansa is negotiating a co-operation agreement with American Airlines.

SAS said the four airlines wanted to establish "a profitable, global airline" with an integrated traffic system based on a multi-hub European network, including Amsterdam, Copenhagen, Geneva, Oslo, Stockholm, Vienna and Zurich.

The Scandinavian carrier said the proposal, which emerged after a two-month study, would now be considered by management and owners of the four airlines. The target was to sign a memorandum of understanding, by late June and to establish a management company by next year.

The four airlines would initially retain their identities, although they might also share a common branding. The head office of the new company would be in Amsterdam, Copenhagen, Vienna or Zurich.

An SAS official said the proposal would not necessarily lead to a full merger for various practical and political reasons.

Northern Telecom earnings slide 29%

By Bernard Simon in Toronto

NORTHERN TELECOM, the Canadian telecommunications equipment maker, is banking on higher capital spending by US regional telephone companies and continuing strong demand from Asia and Latin America to reverse a 29 per cent slide in first-quarter earnings.

First-quarter earnings dipped to US\$75.9m, or 30 cents a common share, from \$104.2m, or 41 cents a share, a year earlier. Revenues edged to \$1.94bn from \$1.90bn.

Northern warned last month that its first-quarter performance would be significantly dented by sagging sales of high-margin software. In addition, the company has lifted outlays on research and development, and spent heavily on a joint venture with Matra, the French electronics group.

Mr Jean Monty, who took over as chief executive earlier this year from Dr Paul Stern, declined to forecast 1993 earnings, beyond saying he expects the second half to be stronger than the first. But he said growth in earnings needs to be balanced against other, longer-term measures of performance, such as the need to maintain market share, customer service and the launch of new products.

The main disappointment in the first quarter was the US market. Capital spending by regional phone companies, which are Northern's biggest US customers, has stagnated. But Mr Monty said growth in the number of lines connected to their networks pointed to higher outlays later in the year.

The first-quarter performance was also hurt by the weakness of sterling, which dented dollar-denominated revenues from Europe.

Mr Monty said his priorities since taking over as CEO have included cost containment and efforts to improve the effectiveness of Northern's R&D effort. R&D spending climbed 12 per cent in the first quarter to \$237m.

He singled out opportunities in the fast-growing wireless market, and said Northern expected to announce a new wireless venture in the UK within the next few days. He declined to provide further details.

Northern's share price rose C\$1 to C\$44.13 on the Toronto stock exchange yesterday morning following the release of its results.

Deborah Hargreaves on rapid growth opportunities in the global energy market

Gas companies break their traditional mould

ENRON, the US gas transit company, unveils one of the world's largest gas-fired combined heat and power stations on Teesside in the UK at a total cost of \$285m (\$1.3bn). British Gas engineers from Liverpool lay pipes to connect the sleepy town of Kelbra in the foothills of the Harz mountains to the east German gas grid using technology developed in the UK.

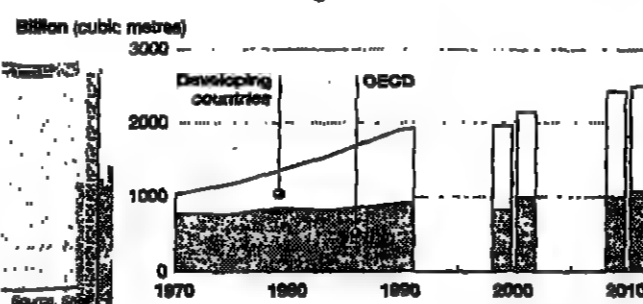
Both projects are evidence of the growing trend among gas companies to break out of their traditional confines of their domestic markets and extend their global reach. "We are moving into a new era of gas and you will see the growth of the gas majors in a similar way to the development of the oil industry in the 1950s," said Mr Ken Lay, chairman of Enron.

Mr Lay has ambitious plans for Enron to be one of the first truly global gas companies, but he faces intense competition from British Gas and other European energy companies such as Spain's Gas Natural and Belgium's Tractebel.

But Mr Jonathan Stern, analyst at Gas Strategies, a consulting group, believes that since the gas business is so capital intensive, companies will be financially constrained from developing a worldwide network in the way the oil industry has done.

"It will become a regional business and is already becoming dominated by about 20 companies with strong local bases which are expanding into specific markets overseas," he said.

Potential world demand for gas



and privatisation in the world energy business, accompanied by expectations of huge growth in gas demand within 20 years.

"The worldwide gas market is expanding fast and it offers a unique opportunity for huge growth to some of the companies that are getting involved now," said Mr Simon Blakey, gas analyst at Cambridge Energy Research Associates.

Gas is becoming more attractive as an alternative to coal and oil because of its environmental advantages - it is much cleaner to burn - and its price is competitive. In a cautious estimate for the growth in global gas demand by 2010, Royal Dutch/Shell group puts consumption at 2,500bn cubic metres from the current level of 2,000bn cubic metres.

The rapid growth in gas demand poses a huge challenge for the energy industry. In a recent speech, Mr Roland Williams, gas and coal co-ordinator for the Shell group, estimated that the cost of finding, producing and transporting new gas to the main markets over the next 20 years will be between \$800bn and \$1,100bn.

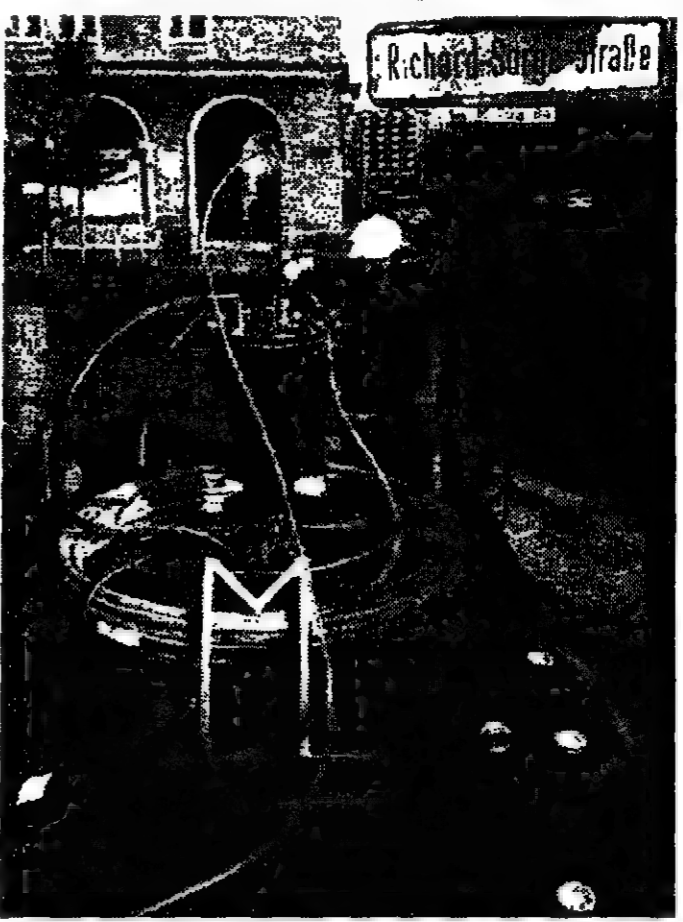
The oil companies have so far stuck mainly to gas exploration and production, resisting involvement in distribution or power generation, which could prove

the more lucrative market sectors. Gas is not a globally-traded commodity in the way oil is, and gas companies will have to develop the expertise to operate differently in different parts of the world. Gas distribution is an area where companies such as British Gas, which has rapidly developed its own domestic markets, can offer technology and know-how with the financial muscle to invest in developing transit networks.

"We have expertise in all parts of the gas chain and we want to grow in all directions, but our real knowledge is in developing gas markets," said Mr Russell Herbert, director of British Gas's Global Gas business.

This has seen British Gas tapping into potentially lucrative markets overseas. The company is active in 45 countries. But competition is intense - European gas companies fear their market monopolies may be broken up by the EC and many are looking to diversify overseas.

These new markets offer great growth potential, but bring with them a bigger risk of regulatory interference than exists in gas exploration and production. Countries privatising their utilities have often looked to the UK for a model and here, British Gas has suffered at the hands of the



Sign of the times: John Elles of British Gas restores pipes in Berlin

regulator. However, established gas companies such as British Gas, Gaz de France and Ruhrgas have great marketing expertise they can offer countries developing their gas businesses. Technology usually means they can offer cost savings in running a market and they also have the cash to invest in large scale projects.

Gas distribution companies are also moving into oil exploration. British Gas is currently involved in negotiations to develop the giant Karachaganak field in Kazakhstan, which would double its existing gas reserves.

Germany's two main gas companies, Ruhrgas and Wintershall, are looking to buy into exploration acreage in the North Sea.

British Gas's need to expand is driven by more pressing concerns: its UK market is being actively eroded by regulators and government. The company is under investigation by the Monopolies and Mergers Commission, which could lead to substantial changes in its UK business.

The UK regulator has already warned the company that it will not be able to finance expansion overseas by raising prices in the UK.

The next 10 years, however, should see the transformation of the gas business from the current domestically-focused supply chains into a much more global industry.

Euro Disney seeks more cash after FF1.08bn halfway loss

By Alice Rawsthorn in Paris

EURO Disney, the leisure group which this month celebrated the first birthday of the EuroDisney theme park near Paris, yesterday announced that it lost FF1.08bn (\$203m) in the first half of this year and that it was trying to secure new capital.

The group, which is already in discussions with its banks to try to restructure its FF20bn debt, said it needed new funds to alleviate the impact of "anticipated losses" and to prevent its working capital requirements from having an "adverse effect on the cash and financial position".

Euro Disney confirmed that it had begun negotiations over the recapitalisation with Disney, the US entertainment group which is

its 49 per cent shareholder. However it said the refinancing plan was at "a very preliminary stage" and that it could not comment on sources of new capital, nor on the amount required.

The group has failed to meet its financial targets since EuroDisneyland opened last spring.

The park is expected to have attracted 11m visitors by the end of this month, making it France's second most popular tourist attraction after Notre-Dame cathedral.

But income from hotels, catering and merchandising has fallen below expectations.

The winter period, which falls in the first half of the financial year, was always expected to be the most difficult time for the

park, but the outcome was worse than expected. EuroDisneyland attracted 3.5m visitors during the first half when hotel occupancy reached 37 per cent.

Euro Disney received FF1.79bn in revenue during the six months to March 31 (comparisons with the previous year are invalid because the park was not open) but incurred FF1.32bn of operating costs and FF1.72bn of administrative expenses.

The group, which is trying to improve its performance through local promotions and more flexible pricing, said it expected to boost attendance and hotel occupancy in the second half.

However, it said it was still on course for "a substantial loss" in the full financial year. Lex, Page 16

Tarmac losses soar to £350m

By Andrew Taylor, Construction Correspondent

TARMAC, Britain's biggest building materials and construction group, lost more than £1m for each working day last year, company figures published yesterday show.

The revealed that the group incurred a £350.3m (\$538m) pre-tax loss in 1992, the largest ever by a British construction company. It compared with a £21m pre-tax profit the previous year.

The loss was struck after provisions of £372m. Of this £217m was against housing and commercial property operations. Tarmac said it will withdraw totally from speculative property development in the next two years.

It plans to reduce the number of UK homes it builds this year from 8,296 to between 7,000 and 7,500 - reducing capital employed in housing by a further £100m.

Five years ago it built more than 11,000 homes annually. Provisions last year included \$84.3m for reorganisation costs as the group has cut the size of its business in a bid to reduce large borrowings. The group had cut almost 10,000 jobs during the past two years, leaving it with a labour force of 25,000.

Mr Neville Simms said the restructuring launched after he was appointed chief executive 14 months ago was almost complete. The company's capacity to produce drystone, concrete blocks, ready-mix concrete, bricks and black top for road building and repairs had been cut by between 5 per cent and 36 per cent.

Mr Simms said that dramatic changes had resulted in dramatic costs but the worst was over and there were signs of recovery in parts of the UK and US.

The group proposed to maintain its interim dividend at 2.5p

making a same-again total for the year of 5.5p. Tarmac shares rose 8p to close at 141p.

Two divisions out of six incurred a loss last year. The others reported lower operating profits. US operations incurred a loss of \$6m (compared with an \$11.8m loss in 1991; building materials a \$2.9m loss (1991 profit \$1.4m). Housebuilding profits before interest and exceptional items fell from \$56.4m to \$38.6m; contracting profits fell from \$38.7m to \$22.7m; quarry products fell from \$42.5m to \$29.6m; industrial products profits dropped from \$12.5m to \$4.8m.

The group said net debt, excluding off-balance sheet and auction market preferred stock would have fallen \$58m but for sterling's collapse, which added more than \$100m to its mostly US dollar denominated debt. Lex, Page 16

Background, Page 25

INSIDE

CS Holding feels weight of provisions

Net income at CS Holding, the financial services group which includes Credit Suisse, rose by 5 per cent to SF1.03bn (\$726m). This follows heavy provisions on Swiss lending, while a fall in net income at CS First Boston, the group's 63 per cent owned investment bank, took their toll. Page 18

Piper bid files into storm

A bid for Piper, the last US manufacturer of "little planes", by Pilatus, the Swiss aircraft manufacturer, is fuelling controversy. Pilatus has been accused of selling aircraft to Burma, knowing they would be equipped with weapons, and is to deliver SF250m (\$176m) worth of training aircraft to South Africa. Page 20

ITT up 27% despite costs

Income at ITT, the US conglomerate, rose 27 per cent thanks to sharply better performances at its finance, automotive and hotels businesses. The improvement came despite \$41m of extraordinary catastrophe losses at its ITT Hartford insurance subsidiary, due to a winter storm and the February bombing of New York's World Trade Center. Page 19

BP takes no chances

BP's hopes for improving its fortunes lie behind khaki-clad figures manning machine guns and rows of razor-wire. To frustrate attacks by guerrillas, oil rigs in the Colombian Andes are heavily guarded. Mr Phil Mead, operations manager, says, "it's very frustrating for our people that they can't just go out to a bar". Page 28

Political optimism boosts Milan

Milan was ahead in heavy trading but fell back from the day's highs as the market awaited confirmation that prime minister designate Carlo Ciampi would be able to form a government. The Comit index finished 5.99 ahead at 547.25. Mr Fabio Peranda of Albertini in Milan said: "The performance of the market appears for itself in terms of what investors think of the appointment." Back Page

Market Statistics

Base lending rates	28	London share service	29-31
Benchmark short bonds	22	US equity options	22
FT-A indices	22	London trade options	22
FT-A world indices	22	Managed fund service	23-26
FT food interest indices	22	Money markets	26
FTISMA 100 bond ave	22	New int. bond issues	22
Financial futures	26	World commodity prices	26
Foreign exchanges	22	World stock mkt indices	27
London recent issues	22	UK dividends announced	25

Companies in this issue

Alcoa	18	Metals	18
Alstom	16	National Westminster	24
Austrian Airlines	17	Norsk Data	18
Bethlehem Steel	19	Norlat	18
Bleisner	26	Northern Telecom	17
Boeing	20	Ovenset Abroad	32
Bournemouth Water	26	Papico	19
Britannia	26	Petrofina	21
British Aerospace	24	Pilatus	20
British Gas	17	Piper Aircraft Corp	20
Bryant	26	Porti	20
CRA	16	Procter & Gamble	19
CS Holding	18	RJ Reynolds	20
Calm Energy	26	RWE	19
Capital & Regional	26	S&P	19
Capital Industries	26	SAB	17
Commercial Union	26	SE Banken	18
Dakota	26	Sage	24
Dasa	18	Sandor	26
Edinburgh Inv Trust	21	Sears	16
El Aquilino	18	Sears Canada	20
Enron	17	Shirescot	26
Euro Disney	17	Slough Estates	26
Fokker	24	SmithKline Beecham	29
Foreign & Colonial	31	Stagecoach	24
GBL	21	Swissair	17
Glaxo	24	TNT	21
Guinness	24	Tarmac	25, 17
Hambros	21	Teredo Petroleum	25
Herring Baker Harris	24	Tesco	26
Hovis	26	Travis Perkins	24
ICI	29	Tullow Oil	26
JTI	19	USX Corp	20
JCI	21	Waterford Foods	26
KLM	17	West Hants Water	26
McKladie	24	Wolcott (Arthur)	26
Metallgesellschaft	24	Xerox	19
		Young Group	24

Chief price changes yesterday

Frankfurt (DM)					
B&S Berger	997.5	+ 15.5	Riese	486.5	+ 11.5
Deutsche Bank	265	- 8	SB Agnelli	374	+ 14.1
Commerzbank AG	194.1	- 7.4	UAP	330	+ 16
CDH	387.5	- 7.7	Paella		
Porsche	491	- 19	HC	1051	- 26
VW	281	- 6	Haves	441.4	- 12.6
New York (\$)					
Riese			TOYCO (Yen)		
Glaxo	267	+ 14	Aerbus	1159	+ 30
Datsun	91.4	+ 14	Booth Inds	530	+ 44
Deutsche Bank	39.4	+ 14	Hiscox Sales	515	+ 40
Deutsche Bank	67.4	+ 34	Mitsubishi Steel	717	+ 48
Deutsche Bank	74.4	- 3	Toshiba S&I	423	+ 47
			Paella		
			Datsun Diesel Tr	1350	- 140

LONDON (Pence)							
Johnson & Johnson	114	+	14	Transocean	218	+	13
Com Services	18 1/2	+	29	VSEL Concerto	685	+	30
First Nat Fin	71	+	5	Paella			
Deutsche Bank	235	+	17	Belmont Ltd	270	-	19
Compton Tel Int	186	+	11	Domus Interior	583	-	15
Intl General	137	+	12	Euro Disney	885	-	38
Deutsche Bank	177	+	6	Herring Retailer	62	-	9
Deutsche Bank	164	+	20	Regulation Props	86	-	24
Deutsche Bank	24	+	34	S & U	277	-	37
Deutsche Bank	77	+	5	Sale & U	530	-	29
Deutsche Bank	43	+	8	Yehonik	293	-	22
Deutsche Bank	141	+	8	Yehonik	418	-	10
Deutsche Bank	30	+	3	Yehonik			

This announcement appears as a matter of record only

£20,250,000

An acquisition

of

RANK RESTAURANTS LIMITED

by

BRIGHT REASONS LIMITED

through Pizzaland International Limited

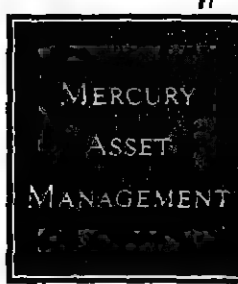
Financing led, arranged and structured by

MERCURY DEVELOPMENT CAPITAL
on behalf of its discretionary investment clients

Further equity finance provided by
MONTAGU PRIVATE EQUITY
MORGAN GRENELL DEVELOPMENT CAPITAL

Debt finance provided by
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BANK OF SCOTLAND
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INTERNATIONAL COMPANIES AND FINANCE

Provisions restrict rise at CS Holding to 5%

By Richard Waters in London and Ian Rodger in Zurich

NET INCOME at CS Holding, the financial services group which includes Credit Suisse among its operations, rose by just 5 per cent to SFr1.03bn (\$726m) last year.

This follows heavy provisions on Swiss lending and a fall in net income at CS First Boston, the group's 63 per cent owned investment bank.

However, Mr Rainer Gut, chairman, said the first quarter of this year had been "very good" in Switzerland, with cash flow up by 20 per cent compared with the same period last year.

Provisions of SFr1.52m at Credit Suisse, announced last month, accounted for the bulk of the group's SFr1.77bn of provisions and write-downs.

Provisions would reach almost the same level this year, said Mr Josef Ackermann, president of the executive board.

Volkswagen said its first quarter result clearly surpassed that of the same period in 1992 and exceeded targets. Its assets fell to SFr44.95bn at the end of March from SFr46.01bn at the end of December, reflecting the transfer of its international branches' assets to Credit Suisse.

CS First Boston reported net income of \$176m, down from \$216m the previous year, as its tax charge jumped by \$51m to \$101m. The 1991 figures had benefited from tax losses carried forward from previous years, said Mr John Hennessy, chief executive of the investment bank.

Revenues at CS First Boston rose by \$214m to \$1.82bn, as investment banking contributed \$888m, up from \$703m in 1991. Return on equity fell to 18.7 per cent from 31.3 per cent.

Mr Gut said the group had decided to drop a plan, announced two years ago, to sell up to 20 per cent of Credit Suisse to raise additional capital. Instead, it is launching an American Depository Receipt programme this week in the US to encourage investors there "to participate in future capital increases".

Union Bank of Switzerland, the country's largest bank, said its first quarter cash flow was well above previous year levels at both parent company and group levels, with a strong contribution from units abroad. No figures were given.

Court rules against Gehe bid for OCP

By David Buchan in Paris

THE complex takeover battle for Office Commercial Pharmaceutique, France's biggest drug wholesaler, took a further twist yesterday when a Paris appeal court ruled against the bid by Gehe, the German drug wholesaler.

This appears to leave the field open for a Franco-American counterbid launched on Monday.

The court took exception to the agreement made between Gehe and Mr Jean-Pierre Duché, who in spite of being recently ousted as nominal head of OCP controls two companies - SGP and Eurosaute - which effectively run OCP's distribution system in France and abroad.

The agreement stipulated that if Gehe got more than 50 per cent of OCP, it would also get 75 per cent of the shares in these two companies.

The court said this arrangement unfairly predetermined the outcome of the takeover bid for OCP. Gehe could not be reached for comment on what its next step might be. But the court ruling appears to leave the field free to the counterbid launched by Co-operation Pharmaceutique Française (Cooper), a company based in the US, the family and the drug laboratories of such French companies as Rhône-Poulenc and Sanofi.

The Cooper-led group has offered SFr 865 a share, compared with the SFr800 originally offered by Gehe, for shares not only in OCP, but also in SGP and Eurosaute.

These latter companies were set up as a defence against hostile takeovers by Mr Duché under a peculiarly French system known as *sociétés en commandite*, in which the shareholders virtually surrender their rights to managers who in return assume unlimited liability for the company.

The Cooper bid for OCP may itself face legal problems because it is conditional on the Cooper group getting 75 per cent of SGP and Eurosaute.

SE Banken beats off investor revolt

By Hugh Carnegie in Stockholm

THE BOARD of Skandinaviska Enskilda Banken, Sweden's largest bank, last night brushed aside an attempt by small investors to call directors to account for last year's heavy losses by marshalling the support of institutional and other large shareholders, including the Wallenberg family.

A call by Aktiespararna, the 65,000-member national shareholders' association, for a postponement at SE Banken's annual general meeting of a

usually routine item discharging the board of any liability in respect of the bank's 1992 activities was easily defeated when representatives of several large shareholders cast their votes against the move.

The item was then passed. The large shareholders included the Knut and Alice Wallenberg Foundation, which holds 5.43 per cent of SE Banken, and investor, the main Wallenberg investment vehicle which owns 1.72 per cent.

Among institutional shareholders voting against Aktiespararna's call were the SPP,

Trygg-Hansa and Skandia life insurance concerns. Little more than half of the 1,500 shareholders among the 1,500 present at the meeting supported the postponement call.

The shareholders' association wanted a board shake-up following last year's catastrophic results, when SE Banken returned operating losses of SKr5.37bn (\$705m) and reported loan losses of SKr10.9bn largely due to exposure to Sweden's recession-hit property market.

The association, which last week forced the board at Volvo

to reveal details of executive salaries for the first time, argued that large shareholders in Sweden have not exerted sufficient control over the running of companies.

Mr Björn Svedberg, the chief executive appointed last September, told shareholders the bank's operations had shown an upturn this year - first quarter results are due on May 12 - but repeated earlier warnings of more high lending losses this year and next.

He said discussions with the government on a capital restructuring package for the bank were continuing.

Norsk Data shares to be delisted in Oslo

By Karen Fosli in Oslo

SHARES in Norsk Data, the Norwegian computer service group, will be delisted from the Oslo bourse from May 3. The main reason behind the move is that the group's share capital has been wiped out, the bourse said.

At the end of December, Norsk Data had negative equity, including deferred taxes, of Nkr474m (\$71.6m). Bourse officials also said an out-of-court financial restructuring of Norsk Data, agreed with Den norske Bank and Fokus Bank, two of Norway's top three commercial banks

and the group's main creditors, was behind the decision.

Under the restructuring, Norsk Data will pay a cash dividend of 25 per cent of what is owed to unsecured creditors. DnB and Fokus agreed to refinance Norsk Data's outstanding debt of Nkr600m, of which Nkr300m is in German bearer bonds. A share issue is to be undertaken by partly converting debt to equity.

The six-year crisis in Norway's banking sector is set to continue, although it is no longer acute, according to Mr Finn Hvistendahl, chief executive of Den norske Bank, Norway's biggest bank.

Mr Hvistendahl made the remarks at the annual meeting of the Norwegian Banks Association, the lobbying arm of the commercial banks of which he was yesterday elected chairman for a second term.

He challenged the government to end competitive distortion in Norway's bank sector by dismantling annual state subsidies of an estimated Nkr6bn, given in the form of subsidised interest rates to non-commercial state banks.

Mr Hvistendahl also called on the government to create conditions which would allow the commercial banks to be

reprivatised. Over the past six years, the state has injected more than Nkr27bn into the banks to rescue them from insolvency.

This has resulted in the state acquiring Christiania Bank and Fokus Bank, the country's second and third biggest commercial banks, and increasing its stake in DnB to 70 per cent from 55 per cent. Over the last two years of crisis, the commercial banks have been forced to reduce their balance sheets by 15 per cent and the number of branches by 40 per cent. This has meant cost reductions of 30 per cent since 1988.

Akzo blames fibres for decline

By Ronald van der Krol in Amsterdam

A SHARP decline in earnings from fibre operations caused net profits at Akzo, the Dutch chemicals group, to fall by 23 per cent to Fl157.9m (\$87.7m) in the first quarter of 1993.

The company blamed the downturn on lower sales and selling prices for textile and industrial fibres in Europe, a trend that first became apparent in the second half of 1992.

Operating profit in fibres plummeted by 79 per cent to Fl14m from Fl166m in the first quarter of 1992.

Another factor behind the profit decline was an extraordinary loss of Fl13m due mainly to Akzo's transfer of a 51 per cent stake in its European carbon fibre business to Toho Rayon.

However, Akzo said the first quarter results, excluding extraordinary items, represented an improvement of Fl43m over the final quarter of 1992.

Pharmaceuticals, which in recent years has been the main force behind Akzo's profit growth, reported virtually unchanged operating results of Fl129m, reflecting what the company described as disappointing earnings in Germany.

In coatings, results fell by 14 per cent to Fl24m. Chemicals earnings totalled Fl121m compared with Fl123m. Overall, net sales fell by 3.8 per cent to Fl1.423bn, of which about half was due to lower sales by volume.

Sears lifted by restructuring

By Maggie Urry in London

SEARS, the UK retail group, was reaping the benefits of its restructuring, Mr Liam Strong, chief executive since February last year, said yesterday.

The group, whose retail brands include Selfridges and Freemans, recorded a 2.8 per cent rise in pre-tax profits to £83.5m (\$128.6m) in the year to January 31, after exceptional costs of £31.5m, down from £32.5m.

Lex, Page 16

Deutsche Aerospace takes 51% stake in Fokker

By Ronald van de Krol in The Hague

DEUTSCHE Aerospace yesterday signed a contract giving it a 51 per cent stake in Dutch aeroplane builder Fokker, ending negotiations which lasted more than a year and touched off an industrial policy debate in the Netherlands.

The only hurdle to German-Dutch co-operation in aircraft building is the European Commission, whose official reaction to the transaction is expected

in mid-May. "We are quite hopeful that it will be positive," said Mr Jürgen Schrempf, president of Dasa.

Dasa, part of the Daimler-Benz group, is taking a 51 per cent stake in a new holding company which will own Fokker's shares. This will be done through the purchase of new shares and the acquisition of most of the Dutch state's 33 per cent stake. The government, Dasa's main negotiating partner, will keep a small holding for a three-year transition.

Sandoz raises sales 2.5% in quarter to SFr4.12bn

By Ian Rodger in Zurich

SANDOZ, the Basle-based pharmaceutical and chemicals group, said sales in the first quarter of 1993 were up 2.5 per cent to SFr4.12bn (\$2.97bn).

Mr Marc Moret, chairman, said he was confident about the outlook for the year, in spite of the unfavourable economic climate in Europe.

"I can already state that we will be able to look back on a good year. So far, we are well within the framework of budgets set last September, and I can see no reason for any change in the next few months," Mr Moret said at the group's annual press conference.

Mr Rolf Schweizer, vice-president, said all divisions except seeds achieved sales gains in the first quarter, and the 1.4 per cent decline in seeds sales was due to a disposal.

Mr Max Link, head of the group's pharmaceutical division, said first-quarter sales in Germany and Italy had both fallen by more than 10 per cent as a result of government-imposed price restrictions.

Sandoz executives were confident that they could overcome increasing government pressure on drug prices in both the US and Europe with a steady stream of new and innovative products.

Swiss telecoms group tumbles to SFr46m loss

By Ian Rodger

ASCOM, the Swiss telecommunications equipment group, tumbled into a SFr46m (\$32m) loss last year and the directors are recommending that the dividend be passed.

Last year it paid SFr70 on the bearer shares.

News of the loss, which contradicted earlier indications from the group that its 1992 profit would be 50 per cent lower than the previous year's, sent its shares sliding yesterday. The bearer shares closed down SFr180 at SFr1380.

The group, which has been striving to develop a competitive international presence in anticipation of the liberalisa-

tion of Swiss telecoms markets, said in a statement that the unexpected loss arose following a special examination of some of its activities which led to inventory write-downs.

It cited its cable television activities in Germany and its private mobile radio business. It said it had also streamlined its product range to cut costs and invested in new market development.

The statement said that the group's strategy of concentrating on the growth area of corporate networks was beginning to produce results. Total revenues rose 9 per cent to SFr3.37bn last year and orders received were up 10 per cent to SFr3.2bn.

REPUBLIC NEW YORK CORPORATION
SAFRA REPUBLIC HOLDINGS S.A.Consolidated Statements of Condition
and Summaries of Results

These statements and summaries represent the consolidated accounts of Republic New York Corporation and its wholly owned subsidiaries and of Safra Republic Holdings S.A. and its wholly owned subsidiaries. Republic New York Corporation owns 48.9% of Safra Republic Holdings S.A., which is accounted for by the equity method.

	REPUBLIC NEW YORK CORPORATION		SAFRA REPUBLIC HOLDINGS S.A.	
	March 31, 1993		March 31, 1992	
	1993	1992	1993	1992
(In thousands of US\$ except per share data)				
Assets				
Cash and due from banks	\$ 446,934	\$ 336,511	\$ 60,864	\$ 54,289
Interest bearing deposits with banks	7,271,423	8,781,642	3,301,462	3,025,062
Precious metals	417,673	412,443	117	1,126
Investment securities	13,063,123	10,159,932	5,537,635	4,399,473
Trading account securities	837,474	258,612	43,617	5,323
Federal funds sold and securities purchased under resale agreements	1,769,200	1,043,243	-	-
Loans, net of unearned income	7,925,159	8,281,380	1,173,516	1,202,615
Allowance for possible loan losses	(251,870)	(233,674)	(56,790)	(13,816)
Loans (net)	7,673,289	8,047,706	1,116,726	1,188,799
Other assets	3,290,283	3,214,108	280,081	245,776
Total assets	\$34,769,399	\$32,254,197	\$10,360,502	\$8,919,848
Liabilities				
Total deposits	\$20,713,976	\$20,187,839	\$ 6,819,860	\$6,615,837
Short term borrowings	4,250,698	3,271,344	1,705,094	669,105
Other liabilities	3,184,200	2,839,629	231,215	150,421
Long term debt	2,175,662	2,440,118	447,600	397,600
Subordinated long-term debt and perpetual capital notes	2,130,988	1,384,351	-	-
Shareholders' Equity				
Cumulative preferred stock	556,425	556,925	-	-
Common stock and surplus, net of treasury shares	711,288	706,833	901,870	902,219
Retained earnings	1,046,162	867,158	254,863	184,666
Total shareholders' equity	2,313,875	2,130,916	1,156,733	1,086,885
Total liabilities and shareholders' equity	\$34,769,399	\$32,254,197	\$10,360,502	\$8,919,848
Book value per share	\$ 33.67	\$ 30.26	\$ 65.37	\$ 61.40
Client portfolio assets in custody	-	-	3,697,565	2,513,334
Net income, for the quarter ended	\$ 68,745	\$ 60,404	\$ 27,205	\$ 22,636
Net income per common share (primary)	\$ 1.18	\$ 1.04	\$ 1.54	\$ 1.28
Average common shares outstanding (primary)	52,196	52,020	17,703	17,733

Risk-Based Capital Ratios

As of March 31, 1993 Republic New York Corporation's risk-based core capital ratio was 17.64% (estimated) and total qualifying capital ratio was 30.39% (estimated). The ratios include the assets and capital of Safra Republic Holdings S.A. on a consolidated basis (in excess of \$40 billion in total assets and \$4 billion total capital) risk-weighted in accordance with the requirements of the Federal Reserve Board specifically applied to Republic New York Corporation.

Republic New York Corporation
Fifth Avenue at 40th Street
New York, New York 10018

Safra Republic Holdings S.A.
32, boulevard Royal
2449 Luxembourg

Banking Locations

Geneva, Gibraltar, Guernsey, London, Lugano, Luxembourg, Milan, Monte Carlo, Paris, Zurich, Beverly Hills, Cayman Islands, Los Angeles, Mexico City, Miami, Montreal, Nassau, New York, Buenos Aires, Caracas, Montevideo, Punta del Este, Rio de Janeiro, Santiago, Beirut, Beijing, Hong Kong, Jakarta, Singapore, Taipei, Tokyo

Steady growth
in earnings shows
CS Holding's
financial strengthCONSOLIDATED FINANCIAL
HIGHLIGHTS FOR 1992

CASH FLOW	SFR M 2,955
NET PROFIT FOR THE YEAR	SFR M 1,028
SHAREHOLDERS' EQUITY	SFR M 9,495
RETURN ON EQUITY (ROE)	11.7%

CS Holding is one of the world's leading financial services groups. If you would like a copy of the Annual Report, please call us at (41 1) 212 02 90 or fax your business card to us at (41 1) 212 06 69.

CS Holding Nüscherstrasse 1 8021 Zurich Switzerland

ITT improves 27% in spite of catastrophe loss

By Martin Dickson
in New York

ITT, the US conglomerate, yesterday reported a 27 per cent rise in first-quarter net income, thanks to sharply better performance at its finance, automotive and hotels businesses.

The improvement came in spite of \$41m of extraordinary catastrophe losses at its ITT Hartford insurance subsidiary, due to a severe winter storm and the February bombing of New York's World Trade Center, and a drop in after-tax portfolio gains at Hartford and ITT Financial to \$42m from \$84m.

Net income totalled \$175m, or \$1.30 a share fully diluted, compared with net income of \$138m, or \$1, in the same period of last year, excluding accounting changes. Sales were static at \$5.1bn.

The figures were at the

upper end of analysts' expectations and ITT shares rose 2% in morning trading on the New York stock exchange to stand at \$80.

ITT Financial, which was the subject of a \$612m fourth-quarter after-tax restructuring charge, reported income of \$67m, up from \$32m, due to lower loss provisions and borrowing costs.

The automotive business saw income rise to \$32m from \$19m, following "cost improvement actions," while the Sheraton Hotels group transformed a \$16m loss into \$16m of profits, helped by "higher occupancy and rates, particularly in the renovated New York city properties and significantly lower overhead expenses."

ITT Hartford reported income of \$158m, down from \$168m, though excluding portfolio gains and extraordinary losses the business had improved operating results.

PepsiCo buoyed by strong domestic sales

By Nikkil Tait in New York

PEPSICO, the soft drinks, restaurants, and snacks group, yesterday reported after-tax profits of \$260.4m in the 12 weeks to March 20, the first quarter of its financial year.

Ahead of accounting-related charges, this reflected an 11 per cent improvement on the same period of 1992.

Sales were up 13 per cent at

\$5.09bn, while earnings per share advanced 10 per cent to 32 cents a share.

PepsiCo said domestic business did particularly well, with profits rising 23 per cent - the strongest growth it has seen in nine quarters.

On the international front, progress was held back by weak economies in the UK and Australia and unfavourable currency movements.

Bethlehem Steel sees upturn

By Martin Dickson
in New York

BETHLEHEM Steel, the second largest integrated steel company in the US, announced a \$11m first-quarter net loss, while Nucor, the largest US mini-mill group, reported a 33 per cent rise in net earnings to \$21.7m.

The US steel industry has been suffering from a cyclical downturn in prices and demand, though some of the more nimble, low-cost mini-mill manufacturers, notably Nucor, have avoided the heavy losses suffered by the large, integrated companies.

Bethlehem expects to return to profitability this year.

Mr Curtis Barnette, chairman, said there were encouraging signs of "an increase in steel demand and the restoration of fair value for our products." There had been a significant increase in orders.

Its net loss was 54 cents a share, compared with a loss of \$36m, or 55 cents, last time, excluding changes in accounting practices. Sales totalled \$1,020m (\$955m).

Nucor's earnings, lower than most forecasts, were 80 cents a share, up from 38 cents. Sales totalled \$489m, against \$388m.

RWE hopes to maintain dividend

By Quentin Peel in Essen

RWE, the German energy-based industrial combine, increased turnover by 2.5 per cent to almost DM40bn (\$25bn) in the first nine months of its financial year, and hopes to maintain both profits and dividend for the full year.

Mr Friedhelm Gieske, chief executive, said that poor results in chemicals and oil refining, and in its printing machinery subsidiaries, had been offset by good results from construction, and stable figures from energy, mining and raw materials.

RWE, a former electrical utility and coal-mining operation, had an annual turnover of DM52bn last year and is the fifth largest industrial group in Germany.

The company last year paid a dividend of DM12 per share, with group earnings of DM1.16bn.

Mr Gieske said Consol, the US mining company jointly owned with Du Pont, was negotiating to buy Island Creek, a coking coal producer owned by Occidental Petroleum.

He revealed that the rights issue launched by RWE last month - the second largest in

German financial history - raised DM1.6bn, contributing DM1.62bn to the group cash balances after deducting costs.

Mr Gieske said the money would be used to replenish group liquidity after a string of acquisitions in recent years, and to help finance an investment programme in east Germany. It would also help to repay bank debts of Vista, its US chemicals subsidiary, and provide DM450m for Hoechst, the construction subsidiary.

The RWE chief used the occasion to restate his company's commitment to nuclear energy as a component in Ger-

many's power generation, saying it was essential to ensuring competitive energy costs for the German economy.

He rejected any suggestion that Germany should buy cheaper electricity supplies from France or eastern Europe - generated from nuclear power stations - while refusing to build any more such facilities itself.

He confirmed that RWE would ask the European Commission for exemption from EC competition regulations in its monopoly power-supply contracts with local authorities in Germany.

Shake-up limits Xerox

By Martin Dickson

A change in the organisation of Xerox's US salesforce disrupted first-quarter sales and helped hold back revenue growth and profits, the document processing company reported yesterday.

Xerox reported net income of \$189m, or \$1.77 a share, against a loss of \$529m, or \$5.68, in the same period of last year when it took accounting charges.

Income from the core document processing business was \$125m, or \$1.12, against \$103m, or 91 cents, last year, while revenues were unchanged at \$3.3bn. The results were helped by a one-time \$17m Brazilian tax benefit, and pre-tax profits on the document processing side were essentially unchanged.

The company said lower equipment sales and weakness in the Japanese economy, which hit profits of Fuji Xerox, had been offset by continued expense control, including 800 job cuts in the first quarter.

Document processing revenues grew 2 per cent, excluding currency factors, with new digital products showing growth of 34 per cent. But revenues from black and white copiers were down 2 per cent.

US recovery puts Mobil in profit

By Alan Friedman
in New York

MOBIL, the big US energy group, yesterday reported a first-quarter 1993 net profit of \$490m, or \$1.19 a share, against a loss of \$319m last time, following accounting charges.

With last year's accounting charges stripped out, the year-on-year comparison shows first-quarter earnings more than doubled this year, from \$277m a year ago.

Revenues were \$15bn, a decrease of 1 per cent year-on-year.

Mr Allen Murray, chairman, said while there was sluggish

economic growth in Europe, the US economy had picked up and US gas prices recovered to more traditional winter levels. He said Mobil continued to focus on restructuring efforts and reported that operating expenses were down year-on-year in the US.

Exploration and production earnings were \$433m, up from \$175m a year ago.

US operating earnings for exploration and production were \$117m while non-US earnings were \$316m.

Marketing and refining earnings were \$134m, an increase of \$82m year-on-year.

Chemical division earnings

were \$21m, against \$10m a year ago. Worldwide capital and exploration expenditures for the first quarter of 1993 were \$315m, or 10 per cent lower than last year.

Chevron, the fourth-biggest US energy group, also reported buoyant first-quarter results. Net income was \$501m, or \$1.54 per share, up 47 per cent on the previous year's quarterly income before special accounting charges.

Total revenues were \$9.8bn, compared with \$9.7bn a year ago. Capital and exploration spending was \$778m in the quarter, down from \$1.06bn a year ago.

Procter ahead in third term

By Nikkil Tait

PROCTER & GAMBLE, the large consumer products company, announced an 8.9 per cent increase in after-tax profits for the three months to end-March, at \$516m.

P & G, which has made an unchanged \$1.53bn after-tax in the first nine months, said the third-quarter increase reflected lower costs and good volume growth.

Fully-diluted earnings per share for the quarter were 67 cents against 62 cents but sales fell by 1.5 per cent to \$7.35bn.

Johannesburg Consolidated Investment Company Limited
Incorporated in the Republic of South Africa
Registration number 154025/06

GROUP GOLD MINING COMPANIES
Summary of reports: quarter ended 31 March 1993

Randfontein Estates
The Randfontein Estates Gold Mining Company (Westrand) Limited
Registration number 01/00251/06

	Quarter ended 31.03.93	31.12.92	31.03.92
Ore milled: tons (000)	2 001	2 098	6 136
Yield: grams per ton	3.97	3.85	3.87
Working cost - per ton milled	R106.07	R102.77	R103.93
- per kilogram produced	R26 718	R26 696	R26 635
	R000	R000	R000
Net profit before tax	83 236	80 297	181 573
Net profit after tax	49 848	48 454	145 673
Capital expenditure	22 738	25 688	73 356
Dividends	-	21 397	21 367

Western Areas
Western Areas Gold Mining Company Limited
Registration number 55/00200/06

	Quarter ended 31.03.93	31.12.92	31.03.92
Ore milled: tons (000)	538	530	1 611
Yield: grams per ton	6.36	6.22	6.14
Working cost - per ton milled	R199.38	R201.78	R197.97
- per kilogram produced	R31 118	R32 447	R32 456
	R000	R000	R000
Net profit before and after tax	17 362	8 953	34 391
Capital expenditure	6 360	5 948	16 660

H. J. Joel
H. J. Joel Gold Mining Company Limited
Registration number 85/01965/06

	Quarter ended 31.03.93	31.12.92	31.03.92
Ore milled: tons (000)	185	214	849
Yield: grams per ton	8.23	6.27	6.01
Working cost - per ton milled	R192.88	R201.42	R193.63
- per kilogram produced	R30 948	R32 119	R32 198
	R000	R000	R000
Net profit before and after tax	1 871	5 166	7 612
Capital expenditure	3 276	5 699	17 302

All figures are unaudited. Quarterly reports have been mailed to the shareholders of each company. Copies of the reports may be obtained from Barnato Brothers Limited, 99 Bishopsgate, London, EC2M 3XE.

Johannesburg
28 April 1993

LTCB International Limited

As previously announced in the Financial Times of Tuesday April 27, 1993, LTCB International Limited has had to move due to bomb damage of our premises in Bishopsgate.

LTCB International Limited is consolidating all of its departments, including Marketing, Sales/Trading and Settlements at the following address until further notice:

LTCB International Limited
c/o Digital Equipment Co., Ltd.

James Watt House
279 Tottenham Court Road
London W1P 9AA

Telephone: 071 628 2111
071 412 8307

Facsimile: 071 412 8301

Why not take a closer look at our accounts?

For UAP, transparency means presenting our results clearly: we have made one more step this year by creating a brochure which highlights the most significant events and figures in 1992. It is now available to you.

Consolidated insurance premium income: FRF 125.9 billion
(+ 28 % + 5 % excluding Sun Life's first-time consolidation)

Consolidated net profit, Group share: FRF 1,680 million (-71 %)
This decline is primarily due to the deterioration of insurance markets and the effects of the real estate market crisis on Banque Worms.

UAP faced up to these difficulties and the full in profits did not affect the Group's financial solidity, as shown by a further increase in technical reserve ratios, the continued relative decrease of general expenses and the low level of capital gains realisation.

Unrealised capital gains totalled FRF 50 billion at year end.

UAP

I would like to receive the "UAP Briefing - 1992" brochure
() in English, () in French

Mr/Mrs
Company
Address

Send to UAP - Secrétaire Général,
9 place Vendôme, 75002 Paris Cedex 01 France

INTERNATIONAL CAPITAL MARKETS

Treasuries lose ground ahead of supply onslaught

By Karen Zagor in New York and Jane Fuller in London

US TREASURY prices moved broadly lower yesterday morning as the market braced itself for the week's onslaught of supply, including the afternoon sale of \$15.25bn in two-year notes.

By midday, the benchmark 30-year government bond was down 1/8 at 103 1/8, yielding 6.868 per cent. At the short end, the

GOVERNMENT BONDS

two-year note was 1/8 lower, to yield 7.389 per cent.

Overall, market sentiment was negative following reports that Mr Leon Panetta, budget director for President Bill Clinton, had become discouraged about prospects for serious deficit reduction this year.

Economic data released in the morning put further pressure on bonds, with an unexpected rise in the consumer confidence index for April to 67.7, from 63.2 in March.

THE UK government bond

market rallied on the eve of today's £3bn auction of 7 1/2 per cent five-year gilts which is expected to meet reasonable demand.

The market was particularly strong at the long end, where stock typically gained more than half a point. The 8 1/2 per cent bond due 2017, for instance, advanced by about 1/8 to 103 1/8.

One reason was that dealers felt the market had been over-sold before the auction. The "when issued" price for the 7 1/2 per cent bond was 103 1/8, giving a yield of 7.05 per cent.

THE GERMAN market was

buoyed in the morning by hopes of an acceleration in interest rate cuts following a press report of comments by Mr Helmut Schlesinger, Bundesbank president.

The bund futures contract opened higher at 95.40 and rose to 95.70. But the message in the announcement was not unequivocal, and there would be a new bund issue next week took the wind out of the market's sails. The futures contract ended unchanged.

THE ITALIAN market made

more progress, mainly in the futures market, on the back of the appointment of central banker Carlo Azeglio Ciampi as prime minister-designate.

Although lacking in political experience, he is seen as good news in terms of support for the lira and a hard line on the budget deficit.

Foreign investors have

become keener on Italian stock

FT FIXED INTEREST INDICES									
	April 27	April 26	April 25	April 24	April 23	April 22	April 21	April 20	April 19
US Treasury	111.75	111.70	111.65	111.60	111.55	111.50	111.45	111.40	111.35
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Source: Data provided by the FT Fixed Interest Indices team.

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FINANCIAL TIMES

LONDON PARIS FRANKFURT NEW YORK TOKYO

COMPANY NEWS: UK

BAe expects recovery in 1994

By Paul Betts,
Aerospace Correspondent

BRITISH AEROSPACE, which reported a £201m pre-tax loss last year before a £1bn exceptional restructuring charge, would show solid recovery in 1994, Mr John Cahill, chairman, told the annual meeting.

He said cash outflows this year associated with the 20 per cent stake in Airbus, regional aircraft rationalisation costs and investment in Tornado fighter aircraft production were expected to be reversed next year.

Although the company still had to address the difficulties

in its turbopropeller aircraft business, Mr Cahill expressed optimism over the future.

This optimism has been reflected in recent weeks by the sharp improvement in the share price, which has recovered from a low of 98p last year to more than £2.00.

Mr Cahill said there had been an improvement in the medium-term outlook for defence profits following additional Tornado orders from Saudi Arabia and continued demand for Hawk and Harrier aircraft.

Although the European Fighter Aircraft programme, now renamed Eurofighter 2000,

continued to face pressures and uncertainty, Mr Cahill said he was confident that development would be completed to enable deliveries of the new fighter to start at the end of the century.

"Eurofighter will be vital to our performance into the next century," he said, emphasising that the programme's long-term importance for the UK aerospace industry could not be overstated.

Mr Cahill was also optimistic over the Rover car subsidiary's prospects. Although the UK upturn was partially offset by big falls in car demand in other European markets, Mr Cahill

said the combination of favourable exchange rates, cost reductions and development of a strong product range would enable Rover to move through its break-even point this year.

He thus confirmed the earlier forecast that Rover would be profitable this year after two years of losses.

Mr Cahill said the European Airbus would continue to consume cash this year, largely because of the introduction of the new A330/A340 wide-body airliners.

He was confident, however, that Airbus would become a significant cash contributor to BAe in the longer term.



John Cahill: four day week but no established work schedule

John Cahill receives his \$800,000 salary in US

By Richard Gourley

MR JOHN CAHILL, chairman of British Aerospace, receives his \$800,000 (\$530,000) salary in the US, despite being head of one of the UK's largest manufacturing companies.

A resident of Long Bay Key, Florida, for tax purposes, Mr Cahill joined BAe when the group was looking for a "British" replacement for Prof Sir Roland Smith, who was ousted in a boardroom coup in 1991.

Mr Cahill, the former chief executive of BTR, the industrial holding company, is also due to receive stock options to

buy shares valued "in or around" September 1992 at about \$1.5m.

According to his service contract, Mr Cahill is required to work an average of four days a week but has "no established work schedule" and can "perform his services at times and places reasonably and in good faith selected by him".

The company also pays for legal, tax, accounting financial and estate planning counselling.

Mr Cahill's service contract was available for public scrutiny in the run up to yesterday's annual meeting.

Ex-chairman retained by Guinness

By Philip Rawstorne

Sir Anthony Tennant, who retired as chairman of Guinness at the end of last year, has been retained as a consultant to the drinks group for the next two years at an annual fee of £50,000.

The annual report, published yesterday, shows that Sir Anthony was given a pay rise of 24 per cent in his final year, increasing his remuneration from £625,000 to £777,000.

However, Sir Anthony, who was paid a performance-related bonus of £166,000 in 1991, received no bonus last year as the group's profits slipped 12 per cent to £795m.

F&C forced to sell 11% stake in own trust

By Scheherazade Daneshkhu

Foreign & Colonial Management, the manager of the UK's largest investment trust, is to sell its 11 per cent stake in the ordinary shares of F&C High Income Investment Trust as a result of breaching Inland Revenue rules.

High Income Investment holds 30 per cent of its assets in ordinary shares and can no longer be included in a personal equity plan, following new Inland Revenue rules.

"Non-qualifying" unit and investment trusts have to hold investments of at least 50 per cent in ordinary shares to qualify for a PEP subscription up to £1,500, instead of the full £5,000 allowance.

NatWest chief warns of subdued loan demand

By John Gepper,
Banking Correspondent

THE SCOPE for growth in National Westminster Bank's income may be inhibited "for some time" because of subdued loan demand, Lord Alexander, chairman, told the annual meeting in London yesterday.

He said the first few months of 1993 indicated that "we are over the worst so far as UK bad debts are concerned", but that subdued loan demand "may well continue for some time, and inhibit the scope for income growth".

However, Lord Alexander said that NatWest Markets, the recently restructured corporate and investment banking arm, was among parts of the group

where income was growing.

NatWest Markets contributed £225m to group pre-tax profits of £405m. The previous year, the businesses within it contributed £315m profit, while the total pre-tax profit was only £110m.

The unchanged dividend for 1992 reflected "a degree of caution about the pace of economic recovery", but the bank looked forward to the time when it could provide shareholders with real dividend growth, the chairman added.

Directors faced criticism from some shareholders for the rise in their remuneration last year despite the dividend being held. However, Lord Alexander said that directors had managed to raise profitability.

Herring Baker drops to £1.36m

By Catherine Milton

PRE-TAX profits at Herring Baker Harris, the chartered surveyor, slumped from £3.5m to £1.36m in the year to January 31.

As it forecast in January, the board is proposing a cut in the final dividend to 0.5p (3.75p) giving a total for the year of 3.75p (7p). Earnings per share fell to 3.97p (19.16p).

The shares lost 9p on the day to close at 62p.

The results included the first full-year contribution from Baker Harris Saunders, the chartered surveyor which merged with the old Herring Son & Daw in early 1992. The 1992 comparative figures are for Herring Son & Daw only.

Mr Nicholas Owen, chairman, said: "The decline reflects some rationalisation following the merger but it was the setback in property values and markets that hit us." He warned that trading in the current year remained difficult.

Travis Perkins falls 21% after lower property sales

By Paul Taylor

TRAVIS PERKINS, the timber and building materials merchant, yesterday reported higher 1992 trading profits and said sales and profits were ahead in the first quarter of this year.

However, reduced profits of £1.64m (£3.34m) on the sale of surplus property, meant that pre-tax profits dropped 21 per cent, from £1.4m to £1.1m, and earnings per share fell 29 per cent to 7.7p (10.8p).

Despite this, the final dividend is again 5.5p, maintaining the total, which is not fully covered, at 8p.

Trading profits at the group, which operates 165 building materials depots and 11 garden centres, increased 8 per cent to £9.83m despite a 2 per cent decline in turnover to £303.4m.

The average number of employees in the group was

reduced by 12.6 per cent to 3,219 with output per employee improving by 11.9 per cent.

The bad debt charge improved slightly to 1.3 per cent of credit sales from 1.4 per cent the previous year - the first improvement for four years.

Net interest payments declined to £242,000 (£357,000) mainly reflecting reduced borrowings which fell to £1m (£7.8m) at the end of December, but the pre-tax profit figure was overshadowed by the year-on-year drop in proceeds from property sales.

Mr Tony Travis, chairman, said the current year had started "with more promise" and sales were up about 2 per cent in volume terms and about 4 per cent in value.

integrating Travis Arnold and Sandell Perkins following their merger in 1988 probably means it has been "missing the boat" in terms of other acquisitions which might have provided it with a short cut to becoming a truly national builders' merchants' group. Nevertheless, the group, which has about 4 per cent of the domestic market, is still looking for smaller deals. Even without substantially higher profits on property disposals, the group should benefit from the economic upturn. Some 70 per cent of its sales relate to the replacement, repair and improvement market and with business prospects improving there should be no more redundancy costs. Pre-tax profits of £14m, took possible this year producing earnings of 9.5p. The stock - which gained 13p yesterday to 218p producing a prospective yield of 2.3 - could still go higher.

Acquisitions help Sage grow 24%

By Alan Cane

SAGE GROUP, the Newcastle-based accounting software company, maintained its growth record in the six months to March 31, with a 24 per cent improvement in pre-tax profits and 45 per cent rise in turnover.

Sage acquired three companies during the period. Ciel in France, Remote Control International in the US and Yorkshire Business Forms, which contributed £5.1m to total turnover of £31m (£14.5m). Underlying growth was a healthy 11 per cent during the worst recession the software industry has known.

Profits before tax came to £5.38m (£4.34m). Earnings per share were 17.8p (14.53p) and an interim dividend of 3.33p (3.03p) is declared.

Net cash balances at March 31 were £5m after the company spent £5.1m on acquisitions.

Remote Control International incurred a loss of £270,000 as a result of management and product changes. Mr David Goldman, chairman, said the loss had been expected and budgeted for.

Stagecoach at 10% premium

By James Buxton,
Scottish Correspondent

SHARES OF Stagecoach, the bus and coach operator, closed on their first day of trading at 124p, a 10 per cent premium on the offer price of 112p.

Mr Philip Stephens of UBS Phillips and Drew, the stockbrokers to the Perth-based company, said that Stagecoach regarded the outcome as "very satisfactory, suggesting that we priced the issue right".

Some 6m shares were sold in heavy trading. Nearly 12m shares had been sold to the public and a further 22m placed with institutions.

Mr Stephens said that some small shareholders had been cashing in their shares, with institutions buying and selling.

A stockbroker in Scotland, where interest in the issue was strong, said that many people had been selling their shares because the allocations had been so small. Most people received fewer than 200 shares in the public issue, which was subscribed nearly eight times.

German stake in Young Grp

By Chris Tighe

YOUNG GROUP, the County Durham-based open cast and drift coal miner, announced yesterday that MG Carbon, a wholly owned subsidiary of Frankfurt-based Metallgesellschaft, had acquired a 29.5 per cent stake.

The deal, which gives MG Carbon a seat on the Young board, stemmed from a decision by the company's directors and leading shareholders to increase the financial strength of the company, which has been restructured following serious working capital problems.

Mr Brian Calver, Young's chief executive and group managing director, refused to be drawn on whether Metallgesellschaft's involvement meant the group would now bid, with German backing, for any of the 20 British Coal mines being offered to the private sector, but he confirmed: "It increases the likelihood of Young Group taking a much more positive role in the coal industry."

Young last week announced a loss for the year to November 30 of £7.5m.

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FT CONFERENCES

FINANCIAL INNOVATION - NEW DIRECTIONS FOR THE 90s
London, 28 & 29 April

Many challenges face the financial community as global markets become increasingly complex and new instruments are developed. Innovation plays a vital role in maintaining competitive advantage, but institutions must balance risk and reward. Speakers include:

- Mr William Rhodes, Citicorp; Mr John Helmann, Merrill Lynch & Co; Mr Richard A Debs Morgan Stanley & Co, Inc; Mr Dennis J Keegan, Salomon Brothers Europe; Mr Andrew Large, Securities and Investments Board; Mr Anthony Nelson MP, Economic Secretary, HM Treasury.

EUROPEAN SECURITIES MARKETS - THE WAY AHEAD
London, 10 & 11 May

Deregulation of national markets, abolition of capital controls and development of technology that by-passes rigid market structures, has brought increasing integration of debt and equity markets. This poses challenges for broker-dealers, fund managers and stock exchanges. How will they be affected by these developments and how will they adapt? Speakers include: Mr Peter Barling, Chairman of Barings plc; Mr John Young CBE, Chief Executive of the Securities and Futures Authority; Mr Heinz-Jürgen Schäfer, General Manager of Dresdner Bank AG; Mr Robert K Steel Partner, Goldman Sachs International and Baron van Iersum, Chairman of the Amsterdam Stock Exchange.

INTERNATIONAL TAX IN THE EEC AND THE US
London, 14 & 15 June

The Financial Times second international tax conference will focus on the overall position of the European Community in relation to tax questions, including direct and indirect tax harmonisation issues and VAT. US tax proposals and future US transfer pricing methods will be addressed as well as the impact of tax treaty developments. The distinguished speakers who will discuss these and other important issues include: Mrs Christiane Schriener of the Commission of the European Communities; Mrs Valerie Strachan, CB of HM Customs and Excise; Mr Thierry Stoll of the Commission of the European Communities; Mr Leonard J H Beighton, CB of the Inland Revenue; Mr Jacques Overgaauw of the Ministry of Finance, Netherlands; Mr Charles Tripiet of the US Internal Revenue Service and Mr James Mogle, formerly of the US Department of Treasury.

MODERNISATION OF TELECOMMUNICATIONS IN CENTRAL AND EASTERN EUROPE
Berlin, 5 & 6 July

The urgent need to modernise telecommunications networks in Central and Eastern Europe has created a huge demand for equipment and expertise. The conference will examine the steps that have already been taken towards modernisation and focus on how the market is likely to develop in the future. Distinguished speakers include: Dr Wolfgang Bötsch, German Minister of Posts and Telecommunications; Mr Krzysztof Kilian, Polish Minister of Posts and Telecommunications; Mr Alajos Kauser, Director of the Hungarian Telecommunications Company; Mr Martin Salamon from OECD and Dr Edouard Wyllerman from EBRD.

All enquiries should be addressed to: Financial Times Conference Organisation 102-108 Clerkenwell Road, London EC1M 5SA Telephone: 071-814 9770 (24hr answering service) Tlx: 27347 FTCONF G. Fax: 071-873 3975/3989

LEEDS PERMANENT BUILDING SOCIETY

RESULTS FOR SIX MONTHS ENDED 31 MARCH 1993

- Operating profits increased by 28.3% (compared to six months ending 31 March 1992)
- Pre-tax profits decreased by 5.2% (compared to six months ending 31 March 1992)
- Assets up by 5.7% (compared to 30 September 1992)
- General reserve ratio now 4.73% (compared to 4.67% at 30 September 1992)

	31 MARCH 1993	30 SEPTEMBER 1992	31 MARCH 1992
RESULTS			
Net interest receivable	227.7	167.1	175.0
Other income receivable	52.0	59.1	50.1
Total net income	279.7	226.2	225.1
Management expenses	(105.4)	(104.2)	(89.2)
Operating profit excluding provisions	174.3	122.0	135.9
Provisions for losses on commercial assets	(64.1)	(64.4)	(40.8)
Pre-tax profit	90.2	57.6	95.1
General reserve	914.7	854.8	815.8
Total assets	19,354.9	18,318.5	17,154.4

"The strength of our approach and continuing adherence to a winning strategy continues to produce excellent results and to benefit our customers as well as being a tribute to the collective effort on the part of the entire Leeds team."

J. MALCOLM BARR CBE MA LL.M., CHAIRMAN

REPORT TO THE DIRECTORS OF LEEDS PERMANENT BUILDING SOCIETY

We have carried out a limited review of the financial information which you have presented in this advertisement for the six months ended 31 March 1993. Our review consisted principally of obtaining an understanding of the process involved in the preparation of the information, applying analytical review procedures to financial data, and making enquiries of management responsible for financial and accounting matters. It was substantially less in scope than an audit in accordance with Auditing Standards. The objective of our audit is the expression of an opinion on the truth and fairness of financial statements taken as a whole and accordingly we do not express such an opinion.

In the course of our review, nothing came to our attention which causes us to believe that the financial information is materially incorrect, or has been prepared on a basis which is not consistent with that adopted in the last audited accounts. KPMG Peat Marwick, Chartered Accountants, Registered Auditors, 26 April 1993.

A copy of the Interim Report will be sent to Permanent Interest Bearing Shareholders on Wednesday 28 April 1993.

THE LEEDS

For further information contact R.F. Boyes, Director, or R.F. Bennett, General Manager Finance and Estates, Leeds Permanent Building Society, Permanent House, 1 Lovell Park Road, Leeds LS1 1NS. Telephone 0512 438181

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US\$100,000,000 Collateral Secured Floating Rate Notes due 2000

Notice is hereby given that the Rate of Interest for the period April 28, 1993 to June 18, 1993 has been fixed at 5.0% and that the interest payable on the relevant Interest Payment Date, June 18, 1993 against Coupon No. 1 in respect of US\$10,000 nominal of the Notes will be US\$70.83.

April 28, 1993, London
By: Citibank, N.A. (Issuer Services), Agent Bank **CITIBANK**

BRISTOL & WEST BUILDING SOCIETY

£150,000,000 Floating rate notes due 1996

Notice is hereby given that the notes will bear interest at 6.375% per annum from 26 April 1993 to 26 July 1993. Interest payable on 26 July 1993 will amount to £158.94 per £10,000 note and £1,589.38 per £100,000 note.

Agent: Morgan Guaranty Trust Company
JPMorgan

Südwestdeutsche Landesbank Girozentrale

US\$150,000,000 Subordinated collateral floating rate notes due 2004

Notice is hereby given that the notes will bear interest at 5% per annum from 28 April 1993 to 28 October 1993. Interest payable on 28 October 1993 will amount to US\$254.17 per US\$10,000 note and US\$2,541.67 per US\$100,000 note.

Agent: Morgan Guaranty Trust Company
JPMorgan

ALLIANCE & LEICESTER BUILDING SOCIETY

£300,000,000 Floating rate notes 1994

For the three months 26 April 1993 to 26 July 1993 the notes will bear interest at 6.2675% per annum. Interest payable on the relevant interest payment date 26 July 1993 will amount to £78.13 per £5,000 note and £1,562.58 per £100,000 note.

Agent: Morgan Guaranty Trust Company
JPMorgan

The Kingdom of Belgium

US\$200,000,000 Floating rate notes due October 1994

In accordance with the provisions of the notes, notice is hereby given that for the interest period from 29 April 1993 to 28 October 1993 the rate of interest on the notes will be 3.1875% per annum.

The interest payable on the relevant interest payment date, 28 October 1993 will amount to US\$4,050.73 per US\$250,000 note.

Agent: Morgan Guaranty Trust Company
JPMorgan

Wells Fargo & Company

\$60,000,000 Floating rate subordinated notes due January 1994

In accordance with the provisions of the notes, notice is hereby given that for the interest period from 26 April 1993 to 26 July 1993 the notes will carry an interest rate of 6.3125% per annum. Interest payable on the relevant interest payment date 26 July 1993 will amount to \$78.69 per \$5,000 note.

Agent: Morgan Guaranty Trust Company
JPMorgan

COMPANY NEWS: UK AND IRELAND

Offer accompanies static interim profits

McKechnie to expand via £47m bid for Savage

By Paul Cheeseright,
Midlands Correspondent

MCKECHNIE, the international plastics and metals components group, is seeking to expand its consumer products business by acquiring Savage, the St Albans-based home improvement accessories company, in a deal worth £47.2m.

Savage is recommending acceptance of the 4-for-21 share-exchange offer or a cash alternative of 73.33p per share. McKechnie is also offering 100p for every Savage preference share.

The offer came as McKechnie announced that although first half pre-tax profits for the six months to January 31 were fractionally higher at £10.8m, compared with £10.6m last time, there was an underlying improvement in profits before interest of 7 per cent.

The bid was foreshadowed on April 22, when Savage announced it was in discussions. Since then its share price has risen from 46p to 71p. The McKechnie share offer, however, values each Savage

share at 80p, or 67 per cent more than its price before the bid talks announcement.

To meet demand for the cash alternative, Baring Brothers is underwriting the issue of 8m new McKechnie shares at 38p. McKechnie is paying £15.1m cash for the preference shares, a move which is likely to lift gearing to about 20 per cent by the year-end from 10.4 per cent at the end of January.

Both groups stressed the neat fit of their respective businesses. The acquisition will more than double the turnover of McKechnie's consumer products division. Savage, whose core business is shelving and storage systems, has been recovering from the damaging effects of continental European acquisitions in the late 1980s. It made pre-tax profits of £1m on turnover of £32.3m in the six months to last December.

For McKechnie, the takeover of Savage represents the resumption of expansion after concentration on reduction of its cost base and the maximisation of cashflow.

In the latest half turnover was £27.2m (£24.1m), for earnings per share of 9.25p (£8.19p). The figures were helped by the move to increase investment in UK utilities, which at the end of the year accounted for 88.6 per cent of funds compared with 62.1 per cent 12 months earlier. They were further

barely changed at £140.8m (£139.9m). Earnings per share rose from 9p to 9.5p, while the interim dividend is maintained at 5p.

COMMENT

The full price McKechnie is paying for Savage suggests confidence on three levels: recovery on the UK housing market, Savage's ability to generate European sales in devalued pounds and its own ability to trim Savage's costs. It will make little difference this financial year but could add over £1m to McKechnie's bottom line in 1993-94 when the group should in any case be recovering on the back of UK and US economic recovery. For the immediate future, seasonal shifts in McKechnie's earnings mean that the second half will be better than the first. That makes brokers' estimates of 1992-93 pre-tax profits over £26m look realistic. On earnings approaching 30p, this puts the share at yesterday's price of 42.3p on a prospective multiple of over 31, recovery having been anticipated already.

Bryant to raise £18m for land purchases

By Andrew Taylor,
Construction Correspondent

BRYANT GROUP yesterday became the latest housebuilder to raise funds to buy land in what increasingly looks like the beginning of a housing market recovery.

It is raising about £18m from a placing of 13m shares at 137p. Following the announcement the shares fell 2p to 142p.

The placing is through SG Warburg Securities. Dealings are expected to start on Friday.

Mr Colin Hope, chairman, said: "The revival in new house purchasers' confidence since the beginning of this year is extremely encouraging. Our net reservations since December 1 are more than 30 per cent ahead of the comparable period a year ago."

The group, in addition to purchasing land in its existing areas, has formed a subsidiary in Edinburgh and is in the process of establishing itself in north-east England.

A division has been set up to build smaller developments of luxury homes in Berkshire, Buckinghamshire, Oxfordshire and Warwickshire. Earlier this year the group announced that first half pre-tax profits had fallen from £9.8m to £7.5m. The interim dividend was held at 1.4p. Borrowings of £9.3m at the half year represented gearing of just 5 per cent. This excluded £20m associated company borrowings attributable to Bryant.

Acquisitions lift Waterford Foods

By Tim Coone in Dublin

ACQUISITIONS pushed pre-tax profits strongly ahead for the second year running at Waterford Foods, the Irish dairy group.

For 1992 profits rose 29 per cent, from £15.5m to £20.4m (£20m).

Included was a five-month contribution from three dairy processing companies of Express Foods Ireland, acquired last August from Grand Metropolitan for 1983m.

Turnover moved up 30 per cent to £561.4m (£423.6m).

Mr Stephen O'Connor, managing director, described the result as the group's "best year ever". He said further profits growth was anticipated for 1993, as a result of a full year's contribution from the Express acquisitions and new investments made in plant which would bring improved margins.

Profit margin in 1992 improved to 5.3 per cent and that would further widen

"towards 10 per cent" as the group's focus shifted away from "commodity products to ones with greater value-added", he said.

Group borrowings more than doubled to £106m as a result of the acquisitions. Gearing now stood at 78 per cent (66 per cent), although interest cover remained at 3.3 times. Priorities for 1993 would be the consolidation of the new businesses within the group and the use of cash flow to improve gearing.

On a longer time-frame of three to four years, Mr O'Connor said the group would continue to expand "through organic growth and acquisition... there is substantial scope to expand in the UK and the US".

Earnings per share, before goodwill amortisation equal to 1.04p, rose 8 per cent to 10.0p (9.27p).

The dividend is raised 4 per cent; a final of 1.58p makes a total of 2.73p (2.625p) on increased capital.

NEWS DIGEST

Further pay cut for Tesco chief

A FURTHER fall in performance-related incentive payments left Sir Ian MacLaurin, chairman of Tesco, with emoluments for the year to February 27 1993 of £297,000.

This was the second year running that the chief of the UK supermarket chain suffered a reduction. In 1992 his total remuneration amounted to £1m, down from £1.48m in 1991.

The figure for 1992 has been restated from £1.08m to reflect a change in accounting policy which relates the payment more closely to the results on which they are based.

The 1992 annual report of Slough Estates reveals that Mr Graeme Elliot, former vice chairman, received £249,000 in compensation for loss of office.

How tumbles £2.3m into the red

How Group, the building services contractor, swung from pre-tax profits of £1.3m to losses of £2.28m in the year to December 31 1992. Turnover fell to £136m against £224m.

Losses on discontinued operations amounted to £3.61m but profits on continuing operations improved 33 per cent to £1.16m.

Losses per share came through at 3.96p (1.82p earnings) and the proposed final dividend is halved to 0.75p for a total of 1.5p (2.5p).

Porth little changed with £1.23m deficit

Taking exceptional losses into account Porth Group, the USM-quoted manufacturer of Christmas decorations, packaging, aerosol and frame-making

products, made little progress in 1992 with a pre-tax loss of £1.23m, compared with £1.34m.

However, on turnover marginally ahead at £17.7m (£17.6m), gross profits were up from £5.07m to £5.61m giving an operating profit of £361,000 (£100,000 loss).

Exceptional costs were higher at £1.01m (£15,000). Losses per share amounted to 8.4p (losses of 9.6p).

Tullov's production levels rising

Tullov Oil, an Irish oil and gas exploration and development company, reported a pre-tax profit of £1.63m (£1.59m) for the year to December 31, against a loss of £1.24m previously. Turnover grew from £525,000 to £1.2m.

Earnings worked through at 1.12p (losses of 0.89p).

Dakota recovers to £1.36m

Dakota, the Dublin-based packaging and stationery group, reported a recovery in pre-tax profits from £144,000 to £1.36m (£1.33m) in the six months to March 31.

Turnover on continuing activities edged ahead from £25.6m to £29.4m.

The results took in exceptional profits of £1.11m, reflecting a loss on the disposal of Techonetic in February, outweighed by a gain on fixed assets at Ormond Printing.

Earnings per share were 4.5p compared with 0.2p.

Growth at S&U restricted to 5%

S&U, the Birmingham-based consumer credit house and hosiery maker, lifted pre-tax profits by 5 per cent in the year to January 31, despite two adverse factors.

One was an exceptional cost of £134,000 in objecting to the

compulsory purchase order on the central Birmingham office, and the other was the fire at the hosiery company in Leicester - the insurance claim was in preparation.

Turnover was little changed at £52.9m (£52.3m) and the profit came out at £4.52m (£4.51m). Earnings were 27.4p (25.35p) and the dividend is 10p, against 8.15p adjusting for a scrip issue; the final is 7.6p.

Shirescot asset value improves to 124.8p

Shires High-Yielding Smaller Companies Trust, which was launched on August 28 last year, announced a net asset value per share of 124.8p at March 31 against 111.5p three months earlier. Fully diluted, the values were 120.7p and 109.5p respectively.

Net revenue for the three months amounted to £97,000 equivalent to earnings of 0.78p per share basic and 0.91p fully diluted. A first interim dividend of 1p is declared.

Capital Industries £1.9m acquisition

Capital Industries is acquiring Arthur Wollacott, a printer and converter of packaging materials, for £1.9m cash.

The acquisition represents a further step in the development of Capital Industries' industrial activities. AWC operates in a related area to that of Samuel Jones, which makes and converts laminated paper products.

For the year 1992 AWC increased turnover from £2.82m to £3.1m and pre-tax profits from £299,000 to £362,000.

Britannia deficit cut to £393,000

Britannia Group, the Cheltenham-based construction and housing company, cut its pre-

tax loss from £690,000 to £393,000 for the year to end-December.

Provisions were trimmed to £400,000 (£1.1m) although there was no charge for diminution of land stocks this time against £775,000 in 1991.

Turnover was up from £27.1m to £29.3m. Losses worked through at 3.3p (5p) and the net asset value per share stood at 60.7p (55.6p). There is no dividend (1p).

Bournemouth and West Hants Water

Bournemouth Water and West Hampshire Water, both owned by Bewater, the water engineering group, reported increased profits for 1992.

Bournemouth raised pre-tax profits 30 per cent to £4.75m (£3.62m) on turnover of £12.1m (£10.5m). Fully diluted earnings per share were 320p (250p) and the dividend for the year is 86p.

Pre-tax profits at West Hampshire edged up to £1.23m (£1.22m) on turnover of £8.8m (£7.9m). Earnings per share came to 152p (149p) fully diluted and a 36p dividend is proposed.

Bournemouth and West Hampshire spent £3.5m and £1.3m respectively on new projects during the year.

Growth at Capital & Regional Props

Capital and Regional Properties lifted pre-tax profit from £367,000 to £422,000 for the year to December 23, without any property sales.

Net rental and fee income rose from £4.68m to £5.03m but net interest payable also increased, from £3.09m to £3.84m. In 1991 property sales brought in £988,000 and there were exceptional costs of £85,000.

Earnings came out at 0.41p (1.26p) and the final dividend is 0.5p for a total of 1.1p (1p).

Edinburgh Inv net asset value boost

By Scheherazade Dameshkh

EDINBURGH Investment Trust, the UK's second largest investment trust, reported net asset value per share of 300.5p at March 31, a record year-end level, against 263.9p a year earlier.

Net revenue was 13 per cent

higher at £27.2m (£24.1m), for earnings per share of 9.25p (£8.19p).

The figures were helped by the move to increase investment in UK utilities, which at the end of the year accounted for 88.6 per cent of funds compared with 62.1 per cent 12 months earlier. They were fur-

ther boosted by the early payment of dividends following tax changes announced in the 1993 Budget.

The final dividend is 5.56p, making a total of 8.4p (8.06p). The managers entered into a loan agreement for £100m for one year, ending in October 1993.

PETROFINA S.A.

Office : 52 rue de l'Industrie - B-1040 Brussels
T.V.A. No. 403.079.441 - R.C. Brussels No. 227.957

Since the necessary quorum was not reached at the Extraordinary Meeting of April 27, 1993, the Shareholders are convened to attend a second EXTRAORDINARY GENERAL MEETING, which will be held in Brussels, at 52 rue de l'Industrie, on May 14, 1993 after the Ordinary Meeting. Whatever the number of shares represented at this second meeting, resolutions will be validly taken on the original agenda, namely:

- In article 1 of the Articles of Association, delete the words, "Formerly, it was named 'Compagnie financière belge des pétroles', company with limited liability, 'Petrofin' in abbreviated form".
- In article 2, replace the first paragraph by the following paragraph: "The registered office of the company is established in the Brussels-Capital Region. It is currently located at 52, rue de l'Industrie, Brussels. It may be relocated within this region by resolution of the Board of Directors".
- In article 4, replace the first paragraph by the following paragraph: "The company is established for an unlimited period of time".
- In article 5, insert the word "voting" before the word "shares", and add this second paragraph: "The corporate capital may also be represented by non-voting shares, created by the general shareholders' meeting or the Board of Directors".
- Insert the following article 5A: "Every person or legal entity owning or acquiring voting shares in the company must inform the company and the Commission bancaire et financière of the number of shares held when the voting rights associated with said shares amount to 3 percent or more of all voting rights existing at the time when the event giving rise to the duty to inform occurs."

In the case of a subsequent acquisition of shares, the same information must be provided when, as a result of this acquisition, the voting rights associated with said shares amount to 5 percent, 10 percent, 15 percent, or any higher multiple of 5 percent, of all voting rights existing when the event giving rise to the duty to inform occurs.

In the case of a transfer of shares, the same information must be provided when, as a result of this transfer, the number of voting rights falls below one of the above-mentioned thresholds.

To the shares owned, acquired or transferred by this person or legal entity shall be added all shares owned, acquired or transferred by:

- a third party acting in its own name, but for the account of said person or entity;
- a person or legal entity related to said person or entity;
- a third party acting in its own name, but for the account of a person or legal entity related to said person or entity.

Likewise, the numbers of shares owned, acquired or transferred by persons and/or entities who act in concert for purposes of owning, acquiring or transferring shares to which 3 percent or more of voting rights are attached shall be added together.

When a person or a legal entity holds, acquires or transfers the direct or indirect control, in law or in fact, of another company owning, in particular through the effect of concerted action as defined by the law, 3 percent or more of the voting shares of the company, said person or entity must inform the company and the Commission bancaire et financière. When several persons and/or entities jointly control such a company, each of them must make this disclosure.

The above-mentioned declarations must be sent to the company and the Commission bancaire et financière at the latest the second business day after the event giving rise thereto has taken place, without prejudice to the provisions of law regarding shares acquired by inheritance, and for the threshold of 3 percent, at the latest the second business day following the date of publication of this new article 5A in the Supplement to the Belgian Official Gazette.

Without prejudice to the provisions of the law, no shareholder may exercise at any general meeting of shareholders a number of voting rights greater than that corresponding to the number of shares he has declared in accordance with the law and the present Articles of Association at least 45 days before said general meeting, it being understood that he may validly vote those shares to which are attached voting rights amounting to less than 3 percent of all voting rights existing on the date of the general meeting of shareholders or falling between two successive thresholds.

8. (a) Special report by the Board of Directors indicating the specific circumstances in which it may make use of the authorized capital and the objectives it will pursue in so doing.

(b) In article 8, amend four paragraphs:

- Replace paragraph 4 by the following paragraph: "The Board of Directors may increase the subscribed corporate capital on one or several occasions up to an amount of fifteen billion francs according to procedures established by the Board, either by issuing voting or non-voting shares, by issuing debentures convertible into shares or with subscription rights or redeemable in the form of shares, or by issuing subscription rights. The increase in capital decided pursuant to this authorization may be carried out via contributions in cash or via contributions in kind in the form of cash within the limits permitted by the law on companies, or via the incorporation of issue premiums or reserves, whether available or unavailable, with or without an issue of new shares".
- Replace paragraph 5 by the following paragraph: "This authorization is granted for a period of 5 years commencing on the date of publication of this new paragraph of article 8 in the Supplement to the Belgian Official Gazette".
- Replace in paragraph 8 the date of "May 11, 1980" by the date of "May 14, 1993" and the words "article 8 § 2, 2° of the Royal Decree of November 8, 1980" by the words "the law on companies", and add at the end of this paragraph the words "and this also in favour of one or several specific persons, who may or may not be members of the personnel of the company or its subsidiaries".
- In paragraph 9 add the words "or power" after the word "authorization".

(c) Insert at the end of article 8 this temporary provision: "The authorization granted to the Board by resolution of the general meeting of shareholders of May 14, 1993 shall remain in force until publication in the Supplement to the Belgian Official Gazette of the new authorization hereabove".

7. In article 9 replace the words "balance sheet" by the words "annual accounts".

6. In article 10 add the following two paragraphs:

- The company may acquire its own shares, whether voting or non-voting, without a resolution of the general shareholders' meeting, by means of purchase or exchange, directly or through an intermediary acting in its own name but for the company's account, whenever such acquisition is necessary to avoid a grave and imminent danger to the company. This authorization is granted for a period of 3 years commencing with the date of publication in the Supplement to the Belgian Official Gazette of the amendment to the Articles of Association adopted by the general meeting of May 14, 1993. This authorization may be renewed. Within the limits set by law, the company may dispose of shares thus acquired without a decision of the general meeting of shareholders.
- The company may demand the repurchase either of all of its non-voting shares or of certain categories thereof, each category being determined by the date of issue.

9. In article 15, replace in paragraph 2 the word "three" by the word "five". In paragraph 3 the word "two" by the word "three" and in paragraphs 3 and 4 the words "or by telegram or by telex" by the words "by telegram, by telex or by fax".

10. In article 17, paragraph 1, delete the word "imperatively".

11. Abrogate article 21.

12. In article 23 replace the words "death or resignation of a director" by the words "vacancy of a director's post".

13. Add at the end of article 25 the following paragraph:

"Any shareholder who is a natural person and who has deposited his shares may request that his name not be included in the attendance list, but only if the voting rights associated with his shares amount to less than 0.1 percent, or any other percentage which may be fixed by Royal Decree, of the total number of voting rights existing at the time when the notice was sent or made public. To the shares deposited by a shareholder shall be added, for purposes of the present paragraph, shares deposited by persons related to this shareholder or acting in concert with him under the conditions stated in the law on companies".

14. In article 27 replace the words "in Brussels" by the words "in the Brussels-Capital Region".

15. Replace article 28 by the following text: "Notice of the meeting will be issued in accordance with the formalities prescribed by the law on companies".

16. In article 30 replace in the first paragraph the words "except as concerns amendments of the Articles of Association" by the words "without prejudice to article 32" and add in the second paragraph after the word "per" the word "voting".

17. (a) Replace paragraphs 1 through 4 of article 34 by the following paragraphs:

"From the profits of the business year, plus any amounts previously carried forward, will be deducted the amounts necessary to constitute the legal reserve and any other reserves.

From the balance, the general shareholders' meeting may decide to allocate an amount to the remuneration of the shareholders and a portion not exceeding five percent of this remuneration to the Board of Directors, the management and the executive personnel, as well as for donations.

Any surplus will again be carried forward".

(b) In the former paragraph 5 replace the date "1992" by the date "1993".

18. Empower the Board of Directors to enforce resolutions adopted and to determine the method of execution thereof. For example, the Board may make formal corrections such as using the words "on companies" wherever the Company Law Code is mentioned, adapting references in the Articles to legal provisions which may be replaced or completed (provided that no nullification may result from failure to carry out such adaptation), deleting temporary provisions when they cease to have effect or renumbering articles.

In view of this Extraordinary Meeting, the holders of bearer shares may deposit their shares until close of business on May 11, 1993, in the institutions named for the Ordinary Meeting on May 14, 1993.

The Board of Directors.

PETROFINA S.A.
Office : 52 rue de l'Industrie - B-1040 Brussels
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Shareholders are invited to attend the ANNUAL GENERAL MEETING which will be held in Brussels, at 52 rue de l'Industrie, on Friday MAY 14, 1993, at 3 p.m. (Brussels time), with the following agenda:

- Report of the Board of Directors on the financial year 1992.
- Audited report on the financial year 1992.
- Annual accounts for the year ending 31st December 1992. Board of Directors' proposal to the meeting to approve these annual accounts.
- Allocation of profits. Board of Directors' proposal to the meeting to distribute a gross dividend of 280 Belgian francs per share.
- Discharge of Directors. Board of Directors' proposal to the meeting to grant discharge to the Directors for the performance of their duties in the course of the financial year 1992.
- Discharge of auditors. Board of Directors' proposal to the meeting to grant discharge to the auditors for the performance of their duties in the course of the financial year 1992.
- Statutory appointments. Board of Directors' proposal to the meeting to re-elect Comte Jean-Pierre de Lamoignon, Baron Paul Janssens and Pierre Jungels as members of the Board of Directors and Georges Timmermans as auditor.
- Any other business.

The meeting room will be accessible from 2.15 p.m. onwards.

Before the meeting, at 2.45 p.m., a short film about Petrofin and affiliated companies' activities in 1992 will be shown. All shareholders are cordially invited to attend.

The bearer shares may be deposited until and included Tuesday 11, 1993, at:

Banque Bruxelles Lambert Générale de Banque
CGBR Kredietbank Banque Paribas Belgique
Banque Internationale de Luxembourg Cédit du Nord
Banque Internationale à Luxembourg Banque Générale de Luxembourg
Commerzbank Deutsche Bank Dresdner Bank ABN-Amro Bank
Crédit Suisse Swiss Bank Corporation Union Bank of Switzerland
Credito Italiano Barclays Bank (Planchet St., London).

The annual report is there also available. The Board of Directors

NOMURA ASIAN INFRASTRUCTURE FUND SICAV
6, Avenue de la Reine
LUXEMBOURG
L-1011 Luxembourg 33-0246
Notice is hereby given to the shareholders, that

ANNUAL GENERAL MEETING
of shareholders of NOMURA ASIAN INFRASTRUCTURE FUND SICAV will be held at the registered office on Monday 7th May 1993, at 10.00 am with the following agenda:

1. Presentation of the reports of the board of directors and of the auditor.
2. Approval of the annual accounts and of the statement of operations as at December 31st, 1992 application of the results.
3. Discharge of the directors.
4. Statutory appointments.
5. Miscellaneous.

The shareholders are advised that no quorum is required for the first two items of the agenda. The general meeting and the decisions will be taken on simple majority of the shares present or represented at the meeting.

In order to attend the meeting of NOMURA ASIAN INFRASTRUCTURE FUND SICAV the owners of bearer shares will have to deposit their shares five days before the meeting at the registered office of the company or with NOMURA BANK (LUXEMBOURG) S.A., 6 Avenue de la Reine, Luxembourg.

The Board of Directors

NOTICE OF REDEMPTION

BARCLAYS

To the Holders of Series A Callable Bond Certificates issued by Barclays Private Bank & Trust Limited as Custodian relating to the 9.65 per cent. FICO Bonds due November 2, 2018

NOTICE IS HEREBY GIVEN that, pursuant to the terms of the Custody Agreement dated July 25, 1989 between Barclays Private Bank & Trust Limited, as Custodian and Goldman Sachs & Co., as Depositor of certain 9.65 per cent. FICO Bonds due November 2, 2018 and the Call Warrant Agreement and Goldman Sachs & Co. (the "Call Warrant Agreement"), Barclays Private Bank & Trust Limited, subject as provided below, on May 4, 1993 redeem U.S.\$8,025,000 principal amount of Series A U.S.\$4,000,000 principal amount redeemed (U.S.\$4,025,000.25 in aggregate). The principal amount of issue, will be allocated equally between, and deducted from the principal amount of Bond Certificates in issue.

The principal amount of Bond Certificates redeemed will be reduced, and the redemption price will be reduced proportionately, if and to the extent that any Series A Warrants

rford Food

De Beers – holding the diamond world in balance

Points from Julian Ogilvie Thompson's
1992 Chairman's Statement

The year was a testing one for De Beers and the whole diamond industry. Nevertheless we came through with stability restored in the market – proof once again of the efficacy of De Beers' system of single channel marketing for rough diamonds and of the commitment of the world's major producers to that system.

It is especially at times like these that the Central Selling Organisation (CSO) fulfils the function for which it was created and proves its worth, not only to producers but to all sections of the industry which benefit from its stabilising role.

The diamond market

In the second half of 1992 the market was influenced by two crucial factors: the widely forecast upturn in world economic activity failed to materialise and the surge in illicit production and theft of diamonds from Angola. The combined effect was to curtail demand for rough diamonds from the CSO below the level forecast for 1992.

De Beers/Centenary immediately took steps to stabilise the situation and to strengthen the balance sheet by restricting the increase in diamond stocks and borrowings: we signalled a probable reduction in the year's profits and final dividend; we reduced deliveries from contracting producers under the quota system by 25%; we held back those diamonds in weak demand and made substantial purchases

on the open market – testimony to our financial strength.

By early 1993 balance had been restored in the cutting centres and the February price increase was readily absorbed. The increase was mainly in the size ranges above three quarters of a carat, reflecting strong demand in these categories. CSO sales during the first three sights of 1993 have been very good – although influenced by a number of exceptional factors, which are unlikely all to persist.

Venetia mine

Central to De Beers' ability to stabilise the market during difficult times is its status, together with its

close associates and partners, as the world's largest producer of gem diamonds by value.

Non-group producers might be less confident that the CSO could perform its essential and historic role, and thus preserve the single channel marketing system, if they were not sure that the major part of the world's production was solidly linked to De Beers.

That link was strengthened by the commissioning of South Africa's newest diamond mine. Venetia was officially opened in August 1992 by our former Chairman Mr. H.F. Oppenheimer.

In terms of technical innovation, plant design and environmental practices, Venetia has set new standards

for the industry. It will be an important long term contributor to De Beers' profits, and will ensure the continuity of direct De Beers' production in South Africa.

Prospects

Overall retail sales in the major markets in 1992 matched those of the previous two years both in dollar value and pieces sold, although sales were slightly down in local currency terms. Signals from the retail markets are mixed, but it is encouraging that in these difficult times diamond jewellery sales have been maintained. Consumer attitudes to diamonds remain strong and the mood in the cutting centres is cautiously optimistic.

Our balance sheet remains extremely strong and the burden of stocking is being shared between ourselves and the other producers. We shall continue to fulfil our traditional role of stabilising the diamond market in the interests of all. Our industry is soundly based and well placed to prosper as soon as world economic activity again gathers momentum.

The full Chairman's Statement with the Annual Reports of the two Companies for the year ended 31st December 1992 has been posted to registered shareholders. Copies may be obtained by writing to the London address below.

De Beers Consolidated Mines Ltd

De Beers Centenary AG

De Beers Consolidated Mines Limited (Incorporated in the Republic of South Africa), London Office, 19 Charterhouse Street, London EC1N 6QP.
De Beers Centenary AG (Incorporated under the laws of Switzerland), Head Office, Langensandstrasse 27, CH-6000 Lucerne 14, Switzerland.

INVESTMENT TRUSTS - Cont.

7	105	8	162
12	88	9	184
17	80	10	201
22	70	11	223
27	60	12	243
32	50	13	261
37	40	14	276
42	30	15	289
47	20	16	300
52	10	17	309
57	0	18	316
62		19	321
67		20	324
72		21	325
77		22	324
82		23	321
87		24	316
92		25	309
97		26	300
102		27	289
107		28	276
112		29	261
117		30	243
122		31	223
127		32	201
132		33	184
137		34	162
142		35	144
147		36	126
152		37	108
157		38	90
162		39	72
167		40	54
172		41	36
177		42	18
182		43	0
187		44	
192		45	
197		46	
202		47	
207		48	
212		49	
217		50	
222		51	
227		52	
232		53	
237		54	
242		55	
247		56	
252		57	
257		58	
262		59	
267		60	
272		61	
277		62	
282		63	
287		64	
292		65	
297		66	
302		67	
307		68	
312		69	
317		70	
322		71	
327		72	
332		73	
337		74	
342		75	
347		76	
352		77	
357		78	
362		79	
367		80	
372		81	
377		82	
382		83	
387		84	
392		85	
397		86	
402		87	
407		88	
412		89	
417		90	
422		91	
427		92	
432		93	
437		94	
442		95	
447		96	
452		97	
457		98	
462		99	
467		100	

123	-	125.6	
184	0.5	274.3	1
207	3.5	270.5	1
88	0.7	108.1	3
340	2.1	478.8	
46	-	-	-
5	-	-	-
15	-	26.2	4
29	1.1	46.6	2
101	1.1	126.5	2
65	4.5	56.3	-
89	3.0	122.4	-
311	-	-	-
105	6.5	109.2	-
60	-	-	-
175	0.8	228.2	-
101	-	109.1	-
28	0.7	52.3	3
16	-	-	-
314	-	-	-
795	71.3	94.2	1
168	-	-	-
77	2.9	58.0	1
20	-	-	-

47	1.3	98.3	2
725	2.9	130.5	
38	-	204.5	7
92	12.9	-	-
110	-	-	-
67	10.9	-	-
22	-	26.6	3
33	4.1	74.5	3
18	-	-	-
44	-	-	-
438	4.1	522.8	1
953	3.8	252.4	1
228	1.5	30.5	5
708	-	101.5	-
74	71.5	98.1	-
392	-	-	-
178	2.1	125.9	1
108	4.4	235.4	1
316	0.7	340.6	-
316	1.5	401.1	21
14	-	-	-
82	-	-	-
47	-	-	-
548	3.8	621.5	-1
98	-	112.3	8
50	3.9	104.8	-
353	-	-	-
84	-	703.8	33
-	-	89.8	32

71	4.8	88.2	13
138	4.7	228.1	32
230	4.3	201.3	3
303	28.6	-	-
-	-	2018.0	-
32	17.3	-	-
134	-	84.0	77
94	6.2	107.3	8
44	12.2	68.0	23
304	-	-	-
37	14.2	-	-
17	-	82.1	69
43	3.8	84.2	14
88	-	-	-
106	4.0	115.0	0
133	21.3	-	-
-	-	508.4	-
184	3.4	203.9	13
119	2.8	134.6	18
47	-	87.3	18
67	6.3	98.0	14
11	-	-	-
276	0.1	372.6	6
178	-	-	-
-	-	0.96067.1	24
-	-	4.7 148.4	27
6	-	-	-
221	5.6	230.2	3
22	12.5	54.9	20

57	4.8	184.2	8
54	-	-	-
53	10.2	-	-
52	-	202.7	23
51	2.3	341.3	4
50	2.3	484.5	12
49	4.9	130.9	-3
48	4.1	121.0	-4
47	4.7	116.4	-3
46	9.2	39.3	-30
45	1.6	159.7	12
44	8.4	48.3	12
43	4.3	307.1	0
42	4.9	303.1	4
41	1.7	332.5	31
40	12.4	-	-
39	-	181.8	-50
38	4.827	44.9	-7.3
37	8.3	314.1	23.8

83	-	88.3	12.0
12	-	-	-
15	0.5	80.2	14.8
17	0.9	-	-
40	-	80.0	22.5
68	10.8	-	-
76	-	144.4	61.8
118	2.6	145.5	11.7
146	3	28.1	14.3
186	4.2	117.3	11.6
187	3	285.6	23.1
187	13.9	90.0	1.3
193	1.2	342.3	17.8
198	0.4	239.0	-1.5
197	-	-	-
29	0.8	38.3	0.1
40	2.2	174.0	18.2
78	1.3	121.3	5.3
78	2.5	123.0	-6.9

10	2.3	221.3	220
20	1.2	167.6	26.5
30	2.0	-	24.5
40	-	51.7	28.5
50	2.1	416.0	18.5
60	0.9	-	42.8
70	-	-	21.8
80	10.8	101.1	7.0
90	0.0	-	-
100	-	31.3	24.8
110	10.0	-	-
120	-	172.6	69.6
130	4.7	-	-
140	4.3	120.6	5.6
150	10.6	-	-
160	-	120.3	95.9
170	-	-	-
180	4.8	274.3	13.5
190	13.0	-	-
200	-	233.8	40.2
210	28.6	-	-
220	-	1167.0	35.8
230	5.7	-	-

0	0.2	205.0	9.2
1	0.2	-	-
2	0.2	-	-
3	0.1	-	-
4	-	-	-
5	3.9	158.9	12.5
6	-	970.2	5.2
7	2.8	81.6	18.0

State	Year	Rate	Rank
Alabama	1991	10.1	1
Alaska	1991	10.1	1
Arizona	1991	10.1	1
Arkansas	1991	10.1	1
California	1991	10.1	1
Colorado	1991	10.1	1
Connecticut	1991	10.1	1
Delaware	1991	10.1	1
District of Columbia	1991	10.1	1
Florida	1991	10.1	1
Georgia	1991	10.1	1
Hawaii	1991	10.1	1
Idaho	1991	10.1	1
Illinois	1991	10.1	1
Indiana	1991	10.1	1
Iowa	1991	10.1	1
Kansas	1991	10.1	1
Kentucky	1991	10.1	1
Louisiana	1991	10.1	1
Maine	1991	10.1	1
Maryland	1991	10.1	1
Massachusetts	1991	10.1	1
Michigan	1991	10.1	1
Minnesota	1991	10.1	1
Mississippi	1991	10.1	1
Missouri	1991	10.1	1
Montana	1991	10.1	1
Nebraska	1991	10.1	1
Nevada	1991	10.1	1
New Hampshire	1991	10.1	1
New Jersey	1991	10.1	1
New Mexico	1991	10.1	1
New York	1991	10.1	1
North Carolina	1991	10.1	1
North Dakota	1991	10.1	1
Ohio	1991	10.1	1
Oklahoma	1991	10.1	1
Oregon	1991	10.1	1
Pennsylvania	1991	10.1	1
Rhode Island	1991	10.1	1
South Carolina	1991	10.1	1
South Dakota	1991	10.1	1
Tennessee	1991	10.1	1
Texas	1991	10.1	1
Utah	1991	10.1	1
Vermont	1991	10.1	1
Virginia	1991	10.1	1
Washington	1991	10.1	1
West Virginia	1991	10.1	1
Wisconsin	1991	10.1	1
Wyoming	1991	10.1	1

214	26	24	191	150	181.9
215	2	0	208	200	200.0
216	2	26	8	8	2.59
217	2	26	73	88.6	
218	2	23	14	22.5	
219	15	59	13	9.56	
220	5	428	79	10.6	
248	9	157	56	17.4	
Performance					
211	---	211	69	1.619	
212	---	212	127	3.00	
262	---	275	300	2.90	
263	---	263	76	2.00	
264	---	275	80	2.00	
265	---	275	80	10.2	
266	---	281	199	121.5	
267	---	210	63	1.201	
10					
21	---	12	10	2.53	
22	---	28	10	2.53	
23	---	28	10	13.0	
24	---	64	56	78.4	
212.5					
213	---	213	110.2	3.015	
214	---	214	118	22.7	
215	---	215	83	67.8	
216	---	216	104	258.4	
217	---	217	55	1.6	
218	---	218	16	2.82	
219	---	219	11	14.5	
220	---	220	15	2.82	
260	---	184	125	2.201	
261	---	191	123	1.203	
262	---	192	110	1.10	
263	---	126	87	352.8	
264	---	106	80	1.61	
265	---	147	65	2.82	
266	---	127	47	36.7	
267	---	140	95	74.8	
268	---	140	95	281.6	
269	---	140	95	41.4	
270	---	123	85	16.8	
271	---	123	85	16.8	
272	---	123	85	16.8	
273	---	123	85	16.8	
274	---	123	85	16.8	
275	---	123	85	16.8	
276	---	123	85	16.8	
277	---	123	85	16.8	
278	---	123	85	16.8	
279	---	123	85	16.8	
280	---	123	85	16.8	
92					
24	---	24	16	2.53	
25	---	24	16	2.53	
26	---	24	16	2.53	
27	---	24	16	2.53	
28	---	24	16	2.53	
29	---	24	16	2.53	
30	---	24	16	2.53	
31	---	24	16	2.53	
32	---	24	16	2.53	
33	---	24	16	2.53	
34	---	24	16	2.53	
35	---	24	16	2.53	
36	---	24	16	2.53	
37	---	24	16	2.53	
38	---	24	16	2.53	
39	---	24	16	2.53	
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41	---	24	16	2.53	
42	---	24	16	2.53	
43	---	24	16	2.53	
44	---	24	16	2.53	
45	---	24	16	2.53	
46	---	24	16	2.53	
47	---	24	16	2.53	
48	---	24	16	2.53	
49	---	24	16	2.53	
50	---	24	16	2.53	
51	---	24	16	2.53	
52	---	24	16	2.53	
53	---	24	16	2.53	
54	---	24	16	2.53	
55	---	24	16	2.53	
56	---	24	16	2.53	

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	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000
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Financial Times 1000									
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INITIAL CHARGE: _____ HISTORIC RECORDING: _____

OFFER PRICE: Also called human price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from bond managers.

1100 hours: (44) - 1101 to 1400 hours: (44) - 1401 to 1700 hours: (44) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

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America	6%	82.05	84.00	85.10	-0.25
Japan	6%	84.37	85.00	86.44	-0.63
Europe	6%	85.17	86.07	87.00	-0.83
Latin	6%	74.68	76.18	78.11	-1.43
Asia	6%	73.95	75.14	76.24	-1.29
Develop	6%	73.34	73.74	77.20	-3.86
Emerging	6%	80.95	81.71	85.01	-3.31

Country	Index	Change
Canada Growth Acc.	86.90	98.00
Global Tech	86.37	90.77
Income Growth	104.28	104.00
Income Growth Acc.	108.25	108.20
Int'l Bond	102.16	102.10
Int'l Money	57.94	57.94
Japan Growth	77.29	77.29
Overseas Growth	70.83	70.83

Life Ins. Co. of N.Y.	118.8	118.8	18.5	-4.30	5.20
Life Ins. Co. of N.Y.	85.15	35.15	78.0	-	4.55
Life Ins. Co. of N.Y.	25.47	86.47	59.20	-6.53	6.53
Life Ins. Co. of N.Y.	48.31	48.31	61.80	-4.71	0.79
Life Ins. Co. of N.Y.	108.7	110.8	118.5	-0.60	1.57
Life Ins. Co. of N.Y.	146.5	146.5	158.5	-1.20	2.75
Life Ins. Co. of N.Y.	88.49	88.49	100.5	-4.73	3.26
Life Ins. Co. of N.Y.	120.0	120.0	140.0	-	20.00
Life Ins. Co. of N.Y.	118.8	118.8	18.5	-4.30	5.20
Life Ins. Co. of N.Y.	85.15	35.15	78.0	-	4.55
Life Ins. Co. of N.Y.	25.47	86.47	59.20	-6.53	6.53
Life Ins. Co. of N.Y.	48.31	48.31	61.80	-4.71	0.79
Life Ins. Co. of N.Y.	108.7	110.8	118.5	-0.60	1.57
Life Ins. Co. of N.Y.	146.5	146.5	158.5	-1.20	2.75
Life Ins. Co. of N.Y.	88.49	88.49	100.5	-4.73	3.26
Life Ins. Co. of N.Y.	120.0	120.0	140.0	-	20.00

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80	0.98
90	1.15
95	4.48
96	1.79
97	0.72
98	1.81

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58	58	58	58	58</			

Indones Exempt Apr 8	E144.38	147.95	1	1	3.82
Armenia Exempt Apr 1	E136.05	137.39	1	1	2.57
Japan Exempt Apr 1	C76.13	78.05	1	1	0.88
Costa Rica Exempt Apr 1	C713.20	115.41	1	1	2.73

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

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	Ref Price	Offer Price	%	Yield Gross
Philippine Income Fund Inc				
NAV Apr 21	\$10.77			
Pearson Holding & Placem				
Global Pac Mfgs NW	\$227.26			
Overseas Cap Mfgs NW	\$56.63			

	Ref Price	Offer Price	%	Yield Gross
Philippine Income Fund Inc				
NAV Apr 21	\$10.77			
Pearson Holding & Placem				
Global Pac Mfgs NW	\$227.26			
Overseas Cap Mfgs NW	\$56.63			

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Schroders American Ltd	146.35	0.87	—	—
Schroder (Switzerland) Fund	51.95	1.10	—	—
Japan Convert.	123.05	—	—	—
Scholar Futures Fd	90.31	—	—	—
Guaranteed Fd	—	—	—	—

[illegible]

Depreciation	\$8.24	0.08
Amortization	118.01	0.01
Other	112.05	0.21
ISS Liquidity	\$10.12	
Therion Talcum Feed		
Squary Income	\$12.34	
Squary Growth	\$11.46	
Liquidity	\$10.00	

Investment Company of America	\$16.74
Investment Company of New York	\$16.74
Investment Company of Philadelphia	\$16.74
Investment Company of St. Louis	\$16.74
Investment Company of Washington	\$16.74
Investment Company of Wisconsin	\$16.74
Investment Company of Wyoming	\$16.74
Investment Company of the Pacific	\$16.74
Investment Company of the South	\$16.74
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Investment Company of the North Central	\$16.74
Investment Company of the Middle Atlantic	\$16.74
Investment Company of the New England	\$16.74
Investment Company of the Old Dominion	\$16.74
Investment Company of the Potomac	\$16.74
Investment Company of the Shenandoah	\$16.74
Investment Company of the Valley	\$16.74
Investment Company of the Piedmont	\$16.74
Investment Company of the Blue Ridge	\$16.74
Investment Company of the Appalachian	\$16.74
Investment Company of the Ozark	\$16.74
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Investment Company of the Oklahoma	\$16.74
Investment Company of the Kansas	\$16.74
Investment Company of the Nebraska	\$16.74
Investment Company of the Colorado	\$16.74
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Investment Company of the Ohio	\$16.74
Investment Company of the Michigan	\$16.74
Investment Company of the Wisconsin	\$16.74

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AMERICA

Dow edges ahead as pace of sell-off slows

Wall Street

THE PACE of Wall Street's recent sell-off slowed yesterday morning but concern about the economic outlook continued to dampen market sentiment, writes Karen Zagor in New York.

At 12.30 pm, the Dow Jones Industrial average edged 2.71 higher to 3,401.08 after posting losses through most of the morning. The more broadly-based Standard & Poor's 500 was up 2.15 at 435.72, while the Amex composite was down 1.11 at 415.24, and the Nasdaq composite firmed 3.70 at 649.57. Trading volume on the NYSE was more than 150m shares by 12.30 pm, and declines outnumbered rises by 92 to 777.

Stocks came under pressure from continuing declines in US bond prices, with the treasury's bellwether 30-year bond sliding 8 to 103.3, pushing its yield up to 6.861 per cent. Among featured issues, Owens-Corning Fiberglass firmed 1% to \$39.40 after the company said that it had cancelled a proposed public offering of 4.5m shares of common stock. The company blamed

market conditions for its decision but said its plan "to pursue its growth agenda remains unchanged".

Xerox tumbled 3% to \$74.40 after announcing that US sales were hit in the first quarter by a reorganisation of the sales force.

In the drug sector, share prices benefited from reports that the Clinton administration may enter voluntary cost-control agreements with the industry, instead of imposing price controls without industry consent.

Merck added 1% to \$37.14, Pfizer climbed 3% to \$67.40, Bristol-Myers Squibb firmed 1% to \$60.00 and Glaxo Holdings rose 3% to \$18.90.

Biotechnology stocks also advanced in Nasdaq trading, with Chiron up 3% to \$53.40 and Amgen up 2% to \$40.00. Bank shares recovered some of the ground lost on Monday when investors moved away after a strong run this year. Citicorp was up 1% at \$26.60, BankAmerica gained 1% to \$45.00, Banc One improved 1% to \$53.00 and Chase Manhattan added 1% to \$30.00.

The transport segment also recouped some of its losses, with the Dow Jones Transportation average up 10.88 to 1,591.43 at 12.30 pm after dropping 37.47 on Monday. AMR, parent of American Airlines, rose 1% to \$68.00, UAL, parent of United Airlines, climbed 3% to \$142.00 and Delta Air Lines gained 1% to \$57.00.

In Nasdaq trading, Intel rose 3% to \$91.40 after plunging 5% on Monday. Apple Computer added 1% to \$50.00 and Lotus Development rose 1% to \$25.00.

Canada

TORONTO eased at midday, weighed down by losses in heavily-weighted gold shares and continued worries over Canada's federal budget, released after Monday's close.

Dealers said that overall activity was quiet. The TSE-300 index fell 4.71 to 3,679.10 in low turnover of C\$232m. Losers led gainers 295 to 217 with 285 issues unchanged.

Among actively traded issues, Northern Telecom rose 1% to C\$44.00 after the telecommunications group posted earnings that were not as bleak as the market had feared.

EUROPE

Italy and France feature modest gains

MILAN again featured strongly among the continent's bourses, writes Our Markets Staff.

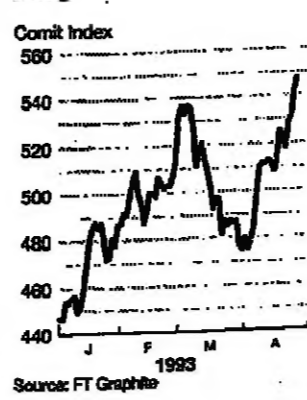
MILAN continued ahead in heavy trading but finished off the day's highs as the market awaited confirmation that prime minister designate Carlo Ciampi would be able to form a government. The Comit index finished 5.99 ahead at 547.35.

Mr Fabio Ferrando of Albertini in Milan said: "The performance of the market speaks for itself in terms of what investors think of the appointment. Since the economy is the priority, Mr Ciampi is perceived as the right man in the right place."

But Mr Gian Luca Manca of Baring Securities in London cautioned that the market would remain restrained until it knew the composition of a proposed cabinet and Mr Ciampi's administration had won parliamentary approval. The telecommunications sector, facing restructuring, continued its recent rally. Stet attracted strong foreign interest, rising 1.88 or 3.4 per cent to L2,670, for a week's rise of 9.8 per cent.

PARIS advanced with a strong rise in Elf Aquitaine being noted. The oil group has been reformed in recent days as possibly interested in increasing its stake in Petrofina, but with this now seeming increasingly unlikely the shares put on FF14.10 or nearly 4 per cent to FF374. The CAC-40 index rose 15.79 to 1,927.41 in turnover of FF2,355bn.

Italy



Source: FT Graphite

PARIS advanced with a strong rise in Elf Aquitaine being noted. The oil group has been reformed in recent days as possibly interested in increasing its stake in Petrofina, but with this now seeming increasingly unlikely the shares put on FF14.10 or nearly 4 per cent to FF374. The CAC-40 index rose 15.79 to 1,927.41 in turnover of FF2,355bn.

Euro Disney went against

FT-SE Actuaries Share Indices

		THE EUROPEAN SERIES									
		Open	10.30	11.00	12.00	13.00	14.00	15.00	Close		
FT-SE	100	1157.81	1155.51	1154.12	1151.87	1150.03	1148.08	1146.50	1145.00	FT-SE	200
	200	1218.76	1218.39	1217.54	1216.09	1215.12	1213.50	1212.70	1213.85		400
		Apr 26	Apr 27	Apr 28	Apr 29	Apr 30	May 1	May 2	May 3		
FT-SE	100	1152.81	1158.50	1164.35	1157.71	1158.12	1158.12	1158.12	1158.12	FT-SE	200
	200	1218.65	1223.65	1234.50	1224.52	1220.73	1220.73	1220.73	1220.73		400

Source: 1000 COTI/DOJ High/Low: 100 - 1157.81; 200 - 1218.76; 400 - 1497.94; 200 - 1217.84

the trend with a fall of FF2.25 or 2.5 per cent to FF76 after reporting a six month loss to March of FF1bn, which did not come as a complete surprise. The group also said that it was trying to secure new capital.

Mr Nigel Reed of Paribas commented that with gearing standing at some 350 per cent, if one included off balance sheet financing and long-term debt, the group's prospects for the rest of the year remained very difficult.

FRANKFURT lost ground in thin trading as investors remained sidelined amid a spate of corporate announcements. The DAX index fell 9.03

to 1,640.78 in turnover of DM6.5bn against DM6bn.

AMSTERDAM was only interested in Akzo which came in with first quarter figures much in line with or slightly better than expectations. The shares showed a strong finish, having fallen to a day's low of F1152.60, rising F14.40 to F1157.30, but largely on short-covering. The CBS Tendency index fell 0.7 to 108.7.

BRUSSELS closed marginally lower with activity led by Petrofina. The Bel-20 index retreated 4.57 to 1,205.53.

Petrofina was unchanged at BF8,790, after plunging to BF6,570 on reports that its profits for the current year

would not exceed last year's. Susan Scott, oil and gas analyst at James Capel, said that in spite of the buying interest related to speculation of a takeover bid, Petrofina's fundamentals remained poor.

ZURICH continued lower amid a lack of buying interest and the SMI index shed 14.3 to 2,124.7. The recently volatile Ascom fell SF180 or 11.5 per cent to SF1,380 after announcing an unexpected SF66m loss late on Monday.

MADRID's general index rose 2.34 to 243.55 helped by a slightly stronger peseta, although the prospect of devaluation remains.

ISTANBUL jumped 3.1 per cent with the market index 216.09 higher at 7,226.11.

OSLO saw the All Share index rising above the 450 level for the first time since January 1992, closing up 6.15 or 1.35 per cent, at 461.20. STOCKHOLM fell for the third consecutive session, the Affarsvarden index down 10.3, or 1.1 per cent, to 1,008.8, while HELSINKI's HEX index firmed 3.5 to 1,155.7.

ASIA PACIFIC

Nikkei surges 2.9% in run-up to Golden Week

Tokyo

BROAD buying by public fund managers and foreign investors triggered a rally that boosted equity prices by 2.9 per cent on the first day of the new trading account, writes Wayne Aponia.

The Nikkei average ended 583.08 ahead at 20,206.71, after trading between an intraday low of 19,842.41 and a high of 20,367.54. The last time the stock market settled above 20,000 was on April 19. The Topix index of all first section stocks was up 36.91 at 1,572.68, and in London the ISE/Nikkei 50 index firmed 1.03 to 1,241.83.

Volume on the first section of the Tokyo Stock Exchange was estimated at 800m shares, compared with Monday's final 299m. Advances overwhelmed declines by 1,004 to 87, with 84 issues unchanged.

Market sentiment turned bullish from the outset when public fund managers and foreign securities companies placed heavy buy orders. The advance squeezed market participants who had been expecting the Nikkei to trade lower and encouraged dealers, individual investors and investment trust managers to join the rally.

Analysts said there were no fundamental factors fuelling the day's impressive gains, but a steady yen against the dollar provided the stock market with stability.

One analyst at a Japanese brokerage said many investors now expected the Nikkei to hold current levels before the Golden Week holiday, which begins tomorrow. He added that government buying through public funds would discourage investors from selling the market short.

Non-ferrous metal issues rose in tandem with gold futures prices. Dowia Mining

added Y12 at Y655 and Mitsui Mining and Smelting gained Y8 at Y618. But Sumitomo Metal and Mining, the most active issue of the day, ended unchanged at Y990.

Investors bought blue chips in the telecommunications sector on reports of a special provision in the government's budget for fiscal 1994 to improve new kinds of infrastructure. Nippon Telegraph and Telephone rose Y50,000 to Y973,000, Nippon Comsys Y90 to Y1,280 and NEC Y49 to Y960.

The day's buying spree also lifted the brokerages: Nomura appreciated Y100 to Y2,110, Daiwa Y30 to Y1,250 and Nikko Y47 to Y1,040.

In Osaka, the OSE average finished 493.65 higher at 31,933.14 in volume of 22.7m shares.

Roundup

IN the Pacific Rim, investors found a range of reasons to sell and markets finished lower on the day.

BANGKOK tumbled as worries heightened over an expanded investigation of the widening stock manipulation scandal. The SET index fell 13.70, or 1.6 per cent, to 869.98 in turnover of B\$3.4bn. Investors grew increasingly cautious as the Securities and Exchange Commission, which filed charges last week, was poised to increase its list of suspected stock manipulators.

HONG KONG eased as cautious investors realised profits ahead of the second round of Sino-British talks starting today. The Hang Seng index closed 8.97 down at 6,836.88 in turnover of HK\$5.1bn, against Monday's HK\$6.5bn.

Bank shares, which have led the recent rise, lost ground on profit-taking. HSBC Holdings rose HK\$1 to HK\$72.50.

SINGAPORE retreated on profit-taking after hitting a

record intraday high in early trading. The Straits Times Industrial index was finally 10.83 off at 1,756.53.

AUSTRALIA declined as the rally in gold issues lost steam, prompting profit-taking in recent gains. The All Ordinaries index slipped 5.4 to 1,704.17 in turnover of A\$318.6m. Higher gold bullion prices supported Newcrest Mining, which added 35 cents at A\$3.27, but Commonwealth Bank, relinquished 28 cents to A\$8.12.

SEOUL moved lower for the fourth consecutive trading day in thin volume as further profit-taking was seen. The composite index shed 7.96 to 722.96 in thin turnover of Won\$27.72bn.

KUALA LUMPUR was also subjected to profit-taking as some investors grew cautious over a further rise in the market. The composite index eased 0.87 to 892.57, while volume contracted to 462.6m shares from 510.2m.

MANILA closed moderately softer amid concern over prolonged power blackouts, but traders said overall sentiment remained firm. The composite index lost 3.02 to 1,549.39 in turnover of P\$69.5m pesos, against 333.9m pesos.

TAIWAN weakened in quiet trading. The weighted index ended 41.67 down at 4,506.11 in turnover of T\$27.1bn. Brokers commented that talks taking place between Taiwan and China in Singapore had had little effect on the market.

SOUTH AFRICA

GOLD shares retreated from earlier highs in late trading, the index closing a net 38, or 2.2 per cent, down at 1,394. Industrials advanced 17 to 4,362 and the overall index put on 6 at 3,692. De Beers ended R2.50 higher at R78.75.

Concern over the stability of the Narasimha Rao administration has come once again to the forefront as parliament reassembled last week for the crucial vote on this year's Indian budget, driving equities to a 15-month low.

The Hindu revivalist Bharatiya Janta party, the main opposition, has announced plans to try to unseat the administration, and other parties are threatening to join in.

However, none of these opponents wants mid-term elections and it appears that a compromise may be reached which could see the budget through parliament during the next fortnight.

Equity prices have fallen due to the uncertainty, with the BSE index down at 2,100 at the weekend.

Prices dropped by a further 63 points on Monday, bringing the total decline to 433 points, or 17 per cent, in six weeks. The BSE indicator yesterday recovered some ground, finishing 33.19 up at 2,070.00.

The focus now is on the R40bn (\$1.3bn) Bombay securities scandal and deliberations of the joint parliamentary committee, which is to finalise its report in a fortnight.

Venezuela and India featured as the worst performers among the world's emerging markets in March, while Mexico, supported by lower inflation and interest rates, moved ahead.

Disappointment with the February 27 budget, which did not cut corporate tax as had been widely expected, contributed to India's downward drift. According to data supplied by the IFC, part of the World Bank, the market registered a 17.6 per cent fall in dollar terms on the month.

Mr Nigel Spence, emerging markets equity analyst at Lehman Brothers in London, commented that other negative factors during March included: a series of bomb explosions in Bombay which caused extensive damage to the stock exchange and increased tension between India and Pakistan. Owing to the uncertain political climate there was

likely to be a slowdown in foreign cash inflows into the country, he added.

Expectations of disappointing company results, particularly in the car, steel and cement sectors after the cancellation of a number of infrastructure projects as the government attempts to reduce the budget deficit.

Venezuela remained uneasy in an uncertain political environment, and with foreign investors removing capital the central bank was forced to lift interest rates during the month. Towards the end of March, notes Mr Frederico Lafan of Latin American Securities, the market staged a modest recovery on bargain hunting, although volume remained low.

Mexico's rally continued, helped by hopes for NAFTA approval in the US, and lower inflation and interest rates.

IFC EMERGING MARKETS INVESTABLE INDICES

Market	No. of stocks	Dollar terms		Local currency terms	
		Mar 31 1993	% Change over month	Mar 31 1993	% Change over month
Latin America	(10)	602.97	+8.3	369,633.07	+8.3
Argentina	(4)	154.19	+2.9	5,277,905.3	+30.0
Brazil	(2)	414.98	-3.5	645.64	-4.2
Colombia	(5)	348.50	-6.1	516.70	-5.0
Mexico	(5)	662.72	+12.6	910.81	+12.8
Venezuela	(8)	363.76	-25.7	987.99	-24.0
East Asia					
South Korea	(130)	94.26	+5.7	98.31	+5.4
Philippines	(11)	153.43	+5.4	184.94	-8.4
Taiwan, China	(79)	104.18	+7.2	101.10	+7.7
South Asia					
India	(61)	73.38	-17.6	80.65	-15.5
Indonesia	(31)	68.37	+2.6	76.94	+3.3
Malaysia	(81)	170.92	+0.9	163.46	-0.6
Pakistan	(8)	183.27	-1.4	232.66	+0.2
Thailand	(52)	228.53	-8.2	231.22	-8.3
Euro/Mid East					
Greece	(17)	220.27	-8.0	327.51	-9.0
Jordan	(5)	121.75	+1.7	172.57	+1.8
Portugal	(15)	87.62	+0.2	89.37	-1.8
Turkey	(31)	90.40	-9.2	406.74	-3.6

Source: Dec 1992 = 100 except those noted which are Feb 1 1991, Jan 92, Jan 93, Jan 94, Jan 95, Jan 96, Jan 97, Jan 98, Jan 99, Jan 2000, Jan 2001, Jan 2002, Jan 2003, Jan 2004, Jan 2005, Jan 2006, Jan 2007, Jan 2008, Jan 2009, Jan 2010, Jan 2011, Jan 2012, Jan 2013, Jan 2014, Jan 2015, Jan 2016, Jan 2017, Jan 2018, Jan 2019, Jan 2020, Jan 2021, Jan 2022, Jan 2023, Jan 2024, Jan 2025, Jan 2026, Jan 2027, Jan 2028, Jan 2029, Jan 2030, Jan 2031, Jan 2032, Jan 2033, Jan 2034, Jan 2035, Jan 2036, Jan 2037, Jan 2038, Jan 2039, Jan 2040, Jan 2041, Jan 2042, Jan 2043, Jan 2044, Jan 2045, Jan 2046, Jan 2047, Jan 2048, Jan 2049, Jan 2050, Jan 2051, Jan 2052, Jan 2053, Jan 2054, Jan 2055, Jan 2056, Jan 2057, Jan 2058, Jan 2059, Jan 2060, Jan 2061, Jan 2062, Jan 2063, Jan 2064, Jan 2065, Jan 2066, Jan 2067, Jan 2068, Jan 2069, Jan 2070, Jan 2071, Jan 2072, Jan 2073, Jan 2074, Jan 2075, Jan 2076, Jan 2077, Jan 2078, Jan 2079, Jan 2080, Jan 2081, Jan 2082, Jan 2083, Jan 2084, Jan 2085, Jan 2086, Jan 2087, Jan 2088, Jan 2089, Jan 2090, Jan 2091, Jan 2092, Jan 2093, Jan 2094, Jan 2095, Jan 2096, Jan 2097, Jan 2098, Jan 2099, Jan 2100, Jan 2101, Jan 2102, Jan 2103, Jan 2104, Jan 2105, Jan 2106, Jan 2107, Jan 2108, Jan 2109, Jan 2110, Jan 2111, Jan 2112, Jan 2113, Jan 2114, Jan 2115, Jan 2116, Jan 2117, Jan 2118, Jan 2119, Jan 2120, Jan 2121, Jan 2122, Jan 2123, Jan 2124, Jan 2125, Jan 2126, Jan 2127, Jan 2128, Jan 2129, Jan 2130, Jan 2131, Jan 2132, Jan 2133, Jan 2134, Jan 2135, Jan 2136, Jan 2137, Jan 2138, Jan 2139, Jan 2140, Jan 2141, Jan 2142, Jan 2143, Jan 2144, Jan 2145, Jan 2146, Jan 2147, Jan 2148, Jan 2149, Jan 2150, Jan 2151, Jan 2152, Jan 2153, Jan 2154, Jan 2155, Jan 2156, Jan 2157, Jan 2158, Jan 2159, Jan 2160, Jan 2161, Jan 2162, Jan 2163, Jan 2164, Jan 2165, Jan 2166, Jan 2167, Jan 2168, Jan 2169, Jan 2170, Jan 2171, Jan 2172, Jan 2173, Jan 2174, Jan 2175, Jan 2176, Jan 2177, Jan 2178, Jan 2179, Jan 2180, Jan 2181, Jan 2182, Jan 2183, Jan 2184, Jan 2185, Jan 2186, Jan 2187, Jan 2188, Jan 2189, Jan 2190, Jan 2191, Jan 2192, Jan 2193, Jan 2194, Jan 2195, Jan 2196, Jan 2197, Jan 2198, Jan 2199, Jan 2200, Jan 2201, Jan 2202, Jan 2203, Jan 2204, Jan 2205, Jan 2206, Jan 2207, Jan 2208, Jan 2209, Jan 2210, Jan 2211, Jan 2212, Jan 2213, Jan 2214, Jan 2215, Jan 2216, Jan 2217, Jan 2218, Jan 2219, Jan 2220, Jan 2221, Jan 2222, Jan 2223, Jan 2224, Jan 2225, Jan 2226, Jan 2227, Jan 2228, Jan 2229, Jan 2230, Jan 2231, Jan 2232, Jan 2233, Jan 2234, Jan 2235, Jan 2236, Jan 2237, Jan 2238, Jan 2239, Jan 2240, Jan 2241, Jan 2242, Jan 2243, Jan 2244, Jan 2245, Jan 2246, Jan 2247, Jan 2248, Jan 2249, Jan 2250, Jan 2251, Jan 2252, Jan 2253, Jan 2254, Jan 2255, Jan 2256, Jan 2257, Jan 2258, Jan 2259, Jan 2260, Jan 2261, Jan 2262, Jan 2263, Jan 2264, Jan 2265, Jan 2266, Jan 2267, Jan 2268, Jan 2269, Jan 2270, Jan 2271, Jan 2272, Jan 2273, Jan 2274, Jan 2275, Jan 2276, Jan 2277, Jan 2278, Jan 2279, Jan 2280, Jan 2281, Jan 2282, Jan 2283, Jan 2284, Jan 2285, Jan 2286, Jan 2287, Jan 2288, Jan 2289, Jan 2290, Jan 2291, Jan 2292, Jan 2293, Jan 2294, Jan 2295, Jan 2296, Jan 2297, Jan 2298, Jan 2299, Jan 2300, Jan 2301, Jan 2302, Jan 2303, Jan 2304, Jan 2305, Jan 2306, Jan 2307, Jan 2308, Jan 2309, Jan 2310, Jan 2311, Jan 2312, Jan 2313, Jan 2314, Jan 2315, Jan 2316, Jan 2317, Jan 2318, Jan 2319, Jan 2320, Jan 2321, Jan 2322, Jan 2323, Jan 2324, Jan 2325, Jan 2326, Jan 2327, Jan 2328, Jan 2329, Jan 2330, Jan 2331, Jan 2332, Jan 2333, Jan 2334, Jan 2335, Jan 2336, Jan 2337, Jan 2338, Jan 2339, Jan 2340, Jan 2341, Jan 2342, Jan 2343, Jan 2344, Jan 2345, Jan 2346, Jan 2347, Jan 2348, Jan 2349, Jan 2350, Jan 2351, Jan 2352, Jan 2353, Jan 2354, Jan 2355, Jan 2356, Jan 2357, Jan 2358, Jan 2359, Jan 2360, Jan 2361, Jan 2362, Jan 2363, Jan 2364, Jan 2365, Jan 2366, Jan 2367, Jan 2368, Jan 2369, Jan 2370, Jan 2371, Jan 2372, Jan 2373, Jan 2374, Jan 2375, Jan 2376, Jan 2377, Jan 2378, Jan 2379, Jan 2380, Jan 2381, Jan 2382, Jan 2383, Jan 2384, Jan 2385, Jan 2386, Jan 2387, Jan 2388, Jan 2389, Jan 2390, Jan 2391, Jan 2392, Jan 2393, Jan 2394, Jan 2395, Jan 2396, Jan 2397, Jan 2398, Jan 2399, Jan 2400, Jan 2401, Jan 2402, Jan 2403, Jan 2404, Jan 2405, Jan 2406, Jan 2407, Jan 2408, Jan 2409, Jan 2410, Jan 2411, Jan 2412, Jan 2413, Jan 2414, Jan 2415, Jan 2416, Jan 2417, Jan 2418, Jan 2419, Jan 2420, Jan 2421, Jan 2422, Jan 2423, Jan 2424, Jan 2425, Jan 2426, Jan 2427, Jan 2428, Jan 2429, Jan 2430, Jan 2431, Jan 2432, Jan 2433, Jan 2434, Jan 2435, Jan 2436, Jan 2437, Jan 2438, Jan 2439, Jan 2440, Jan 2441, Jan 2442, Jan 2443, Jan 2444, Jan 2445, Jan 2446, Jan 2447, Jan 2448, Jan 2449, Jan 2450, Jan 2451, Jan 2452, Jan 2453, Jan 2454, Jan 2455, Jan 2456, Jan 2457, Jan 2458, Jan 2459, Jan 2460, Jan 2461, Jan 2462, Jan 2463, Jan 2464, Jan 2465, Jan 2466, Jan 2467, Jan 2468, Jan 2469, Jan 2470, Jan 2471, Jan 2472, Jan 2473, Jan 2474, Jan 2475, Jan 2476, Jan 2477, Jan 2478, Jan 2479, Jan 248